

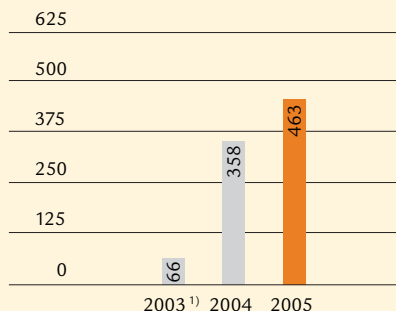


SwissLife

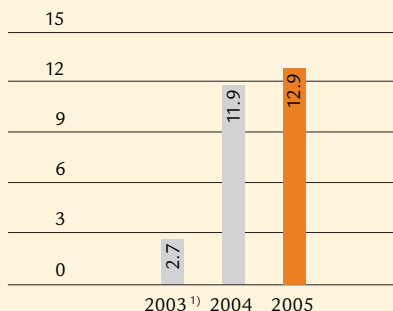
First-Half Financial Report 2005

Key Figures (unaudited)

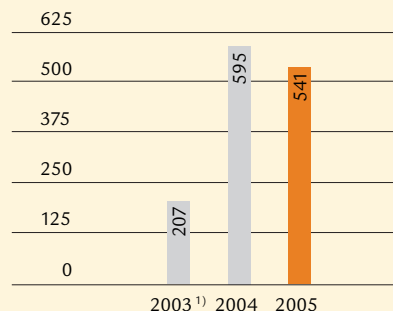
Net result as at 30.6. CHF million



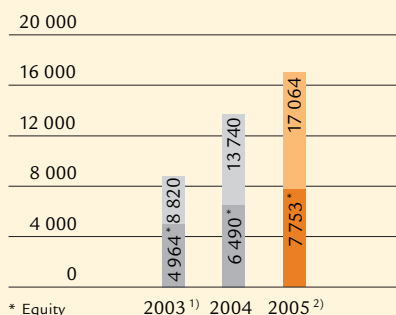
Earnings per share as at 30.6. CHF



Net result from operations as at 30.6. CHF million

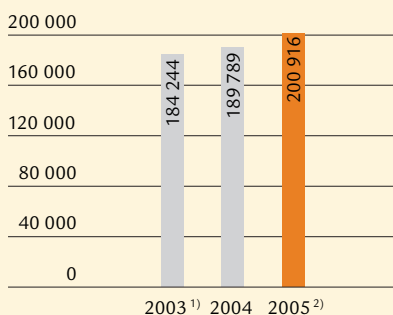


Core capital CHF million

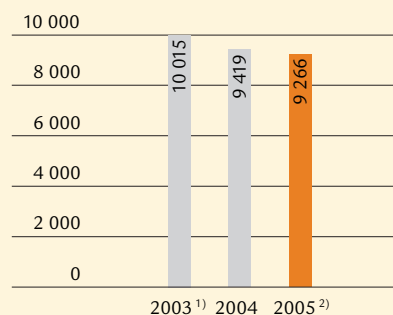


* Equity

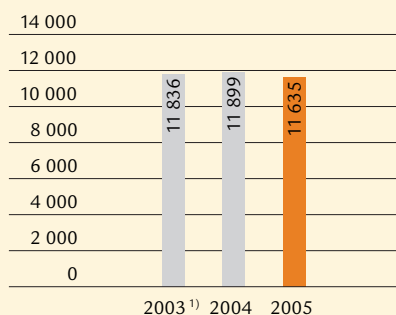
Assets under management CHF million



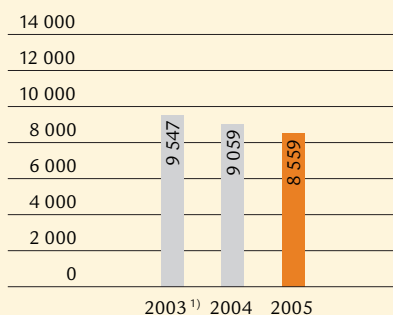
Employees (full-time equivalents)



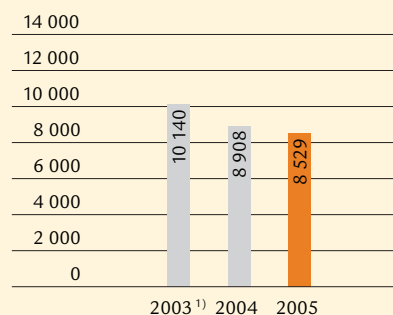
Gross written premiums as at 30.6.³⁾ CHF million



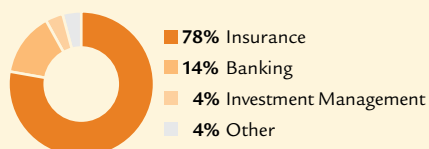
Net earned premiums and policy fees as at 30.6. CHF million



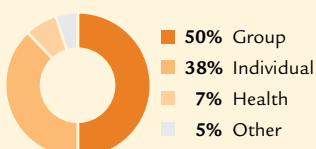
Net insurance benefits, claims and claims settlement costs as at 30.6. CHF million



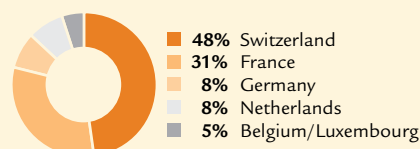
Operating result by segment as at 30.6.



Insurance business, premiums by type of insurance as at 30.6.



Gross written insurance premiums by country as at 30.6.^{3,4)}



1) The 2003 figures were not adjusted to the financial reporting requirements as per 1 January 2005.

2) As at 30.6.2005

3) Gross written premiums and fees incl. deposits under investment contracts

4) On consolidated basis

Condensed Financial Statements

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Consolidated Statement of Income (unaudited)

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

In CHF million		2005 HY	2004 HY
	Notes		restated
Income			
Insurance premiums earned		8 469	9 464
Insurance premiums ceded to reinsurers		-113	-599
Net earned insurance premiums	5	8 356	8 865
Policy fees arising from insurance contracts		73	87
Fee income	6	344	348
Investment income	6	2 572	2 634
Net gains/losses on financial assets	6	1 128	265
Net gains/losses on financial instruments at fair value through profit or loss	6	-667	82
Net gains/losses on investment property		-23	-51
Other income	6	70	32
Total income		11 853	12 262
Expenses			
Insurance benefits, claims and claims settlement costs		-8 584	-9 350
Insurance benefits, claims and claims settlement costs ceded to reinsurers		55	442
Net insurance benefits, claims and claims settlement costs	6	-8 529	-8 908
Policyholder participation		-870	-864
Interest expense	6	-385	-426
Commission expense	6	-492	-442
Employee benefits expense		-652	-616
Depreciation and amortisation expense		-295	-312
Impairment of property and equipment and intangible assets		0	-3
Acquisition and origination costs deferred		273	280
Other expenses	6	-362	-376
Total expenses		-11 312	-11 667
Net result from operations		541	595
Borrowing costs		-95	-81
Share of results of associates		4	2
Net result before income tax		450	516
Income tax expense	7	13	-158
Net result		463	358
<i>Net result attributable to</i>			
Equity holders of Swiss Life Holding			
Other reserves		447	343
Minority interest		16	15
Net result		463	358
Basic earnings per share for the net result attributable to the equity holders of Swiss Life Holding (in CHF)		13.35	11.95
Diluted earnings per share for the net result attributable to the equity holders of Swiss Life Holding (in CHF)		12.93	11.90

Consolidated Balance Sheet (unaudited)

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Consolidated balance sheet

In CHF million		30.06.2005	31.12.2004
	Notes		restated
Assets			
Cash and cash equivalents		8 194	8 649
Insurance and other receivables		4 815	4 669
Derivatives		899	1 643
Financial assets at fair value through profit or loss	8	21 646	19 363
Financial assets available for sale	9	86 268	77 978
Loans	10	29 262	29 655
Financial assets held to maturity	11	4 198	4 147
Financial assets pledged as collateral		613	878
Investment property		11 624	11 518
Investments in associates	12	57	58
Reinsurance assets	17	961	1 031
Property and equipment		1 220	1 237
Intangible assets including intangible insurance assets	13	3 236	3 407
Current income tax assets		14	14
Deferred income tax assets		52	30
Non-current assets held for sale	22	276	-
Other assets		437	459
Total assets		173 772	164 736

Consolidated balance sheet

In CHF million		30.06.2005	31.12.2004
	Notes		restated
Liabilities and equity			
Liabilities			
Insurance and other payables		5 019	4 225
Derivatives		1 749	930
Financial liabilities at fair value through profit or loss	8	5 666	4 939
Investment contracts with discretionary participation	14	21 761	19 988
Investment contracts and deposits at amortised cost	15	9 261	8 181
Borrowings	16	6 359	6 313
Insurance liabilities	17	103 462	103 068
Discretionary participation liabilities		7 285	5 680
Defined benefit liabilities	18	2 662	2 594
Current income tax liabilities		275	287
Deferred income tax liabilities		1 359	1 155
Provisions		215	193
Liabilities associated with non-current assets held for sale	22	324	-
Other liabilities		622	693
Total liabilities		166 019	158 246
Equity			
Share capital		1 689	1 689
Share premium		2 210	2 213
Less: treasury shares	19	-49	-38
Other reserves		3 640	2 413
Total shareholders' equity		7 490	6 277
Minority interest		263	213
Total equity		7 753	6 490
Total liabilities and equity		173 772	164 736

Consolidated Statement of Cash Flow (unaudited)

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

In CHF million		2005 HY	2004 HY
	Notes		restated
Cash flow from operating activities			
Net result before income tax		450	516
Adjustments			
Net realised and unrealised gains/losses		-253	-215
Depreciation and amortisation		295	312
Net impairment losses on property and equipment and intangible assets		0	3
Interest and bonuses credited to contract holders, net of fee income		426	461
Expenses for equity compensation benefits		2	6
Other non-cash items, net		727	1 223
Net result before income tax after adjustments		1 647	2 306
<i>Net cash flows from</i>			
Derivatives		-195	-240
Financial instruments at fair value through profit or loss		-730	-693
Financial assets available for sale		-4 122	1 044
Loans		436	-416
Financial assets held to maturity		-35	-390
Investment property		-68	-31
Deferred acquisition costs/deferred origination costs		-273	-280
Reinsurance assets		-2	-271
Investment contracts with discretionary participation		866	909
Investment contracts and deposits at amortised cost		834	-259
Insurance liabilities		831	-61
Other operating assets and liabilities		-589	-1 308
Cash generated from operations		-1 400	310
Income taxes paid		-91	-53
Total net cash flow from operating activities		-1 491	257
Cash flow from investing activities			
Purchases of investments in associates		0	-
Sales of investments in associates		0	-
Purchases of property and equipment		-86	-71
Sales of property and equipment		6	4
Acquisitions of minority interest		-	-6
Cash received on sale of UK life business		289	-
Acquisitions of subsidiaries, net of cash and cash equivalents	21	2	23
Disposals of subsidiaries, net of cash and cash equivalents	21	18	-6
Total net cash flow from investing activities		229	-56
Balance carried forward to next page		-1 262	201

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

In CHF million		2005 HY	2004 HY
	Notes		restated
Balance carried forward from previous page		-1 262	201
Cash flow from financing activities			
Issuance of convertible debt		-	310
Issuance of guaranteed bonds		-	454
Issuance of other debt instruments		2 202	653
Repayment of Guaranteed Exchangeable Monetisations of Multiple Shares (GEMMS)		-870	-
Redemption of other debt instruments		-615	-663
Issuance of shares		-	800
Premiums paid/received for options on Swiss Life Holding (SLH) shares		-1	12
Sales of subscription rights		-	61
Purchases of treasury shares	19	-77	-174
Sales of treasury shares		62	168
Contributions from minority interest		2	1
Dividends paid to minority interest		-9	-11
Total net cash flow from financing activities		694	1 611
Total change in cash and cash equivalents		-568	1 812
Cash and cash equivalents as at 1 January		8 304	6 250
Effect of exchange rate differences on cash and cash equivalents		47	-52
Total change in cash and cash equivalents		-568	1 812
Cash and cash equivalents as at 30 June		7 783	8 010
Cash and cash equivalents as at 1 January		8 304	6 250
Cash and cash equivalents for the account and risk of Swiss Life Group's customers (not available for use)	4	345	364
Total cash and cash equivalents as at 1 January		8 649	6 614
Cash and cash equivalents as at 30 June		7 783	8 010
Cash and cash equivalents for the account and risk of Swiss Life Group's customers (not available for use)	4	411	274
Total cash and cash equivalents as at 30 June		8 194	8 284

Consolidated Statement of Changes in Equity (unaudited)

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

In CHF million	Notes						
	Share capital	Share premium	Treasury shares	Other reserves	Total share-holders' equity	Minority interest	Total equity
2004 (restated)							
Balance as at 1 January	1 252	1 948	-21	1 785	4 964	215	5 179
Changes in accounting policies	-	-216	-	-187	-403	0	-403
Balance as at 1 January restated	1 252	1 732	-21	1 598	4 561	215	4 776
Changes in foreign currency translation differences	-	-	-	-6	-6	-4	-10
Disposals of subsidiaries	-	-	-	0	0	0	0
Changes in gains/losses recognised directly in equity	-	-	-	-370	-370	1	-369
Net result	-	-	-	343	343	15	358
Total recognised income and expense for the period	-	-	-	-33	-33	12	-21
Issuance of shares	417	417	-	-	834	-	834
Equity transaction costs (capital increase), net of taxes	-	-34	-	-	-34	-	-34
Issuance of mandatory convertible securities (MCS) (adjustment)	20	-20	-	-	-	-	-
Convertible debt, equity element	-	57	-	-	57	-	57
Equity transaction costs (convertible debt), net of taxes	-	-1	-	-	-1	-	-1
Sales of own subscription rights SLH shares	-	61	-	-	61	-	61
Options on SLH shares	-	9	-	-	9	0	9
Equity compensation benefits	-	6	-	-	6	0	6
Purchases/sales of treasury shares	-	-9	3	-	-6	0	-6
Acquisitions of minority interest	-	-	-	-	-	-8	-8
Capital contributions from minority interest	-	-	-	-	-	1	1
Dividends	-	-	-	-	-	-11	-11
Balance as at 30 June	1 689	2 218	-18	1 565	5 454	209	5 663
2005							
Balance as at 1 January	1 689	2 213	-38	2 413	6 277	213	6 490
Changes in accounting policies	-	-	-	4	4	-	4
Balance as at 1 January restated	1 689	2 213	-38	2 417	6 281	213	6 494
Changes in foreign currency translation differences	-	-	-	8	8	-4	4
Disposals of subsidiaries	-	-	-	2	2	43	45
Changes in gains/losses recognised directly in equity	-	-	-	766	766	4	770
Net result	-	-	-	447	447	16	463
Total recognised income and expense for the period	-	-	-	1 223	1 223	59	1 282
Options on SLH shares	-	-1	-	-	-1	-	-1
Obligation to purchase SLH shares	-	0	-	-	0	-	0
Equity compensation benefits	-	2	-	-	2	-	2
Purchases/sales of treasury shares	19	-4	-11	-	-15	0	-15
Acquisitions of minority interest	-	-	-	-	-	-2	-2
Capital contributions from minority interest	-	-	-	-	-	2	2
Dividends	-	-	-	-	-	-9	-9
Balance as at 30 June	1 689	2 210	-49	3 640	7 490	263	7 753

Notes to the Consolidated Financial Statements (unaudited)

1 General Information

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The Swiss Life Group is one of Europe's leading providers of pension and life insurance products. The Swiss Life Group offers individuals and companies comprehensive advice across a broad range of products via agents, brokers and banks in its domestic market, Switzerland, and selected European markets. Multinational companies are serviced with tailor-made solutions by a network of partners in over 40 countries. Additionally, the Group offers non-life insurance products and investment management services.

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

Restructuring of investment management activities In 2005, the Swiss Life Group restructured its investment management activities. Investment management activities relating to real estate have been separated. For this purpose, a new company, Swiss Life Real Estate Management Holding, has been set up. The minority shareholders of

Swiss Life/Rentenanstalt, representing a 0.15% interest in Swiss Life/Rentenanstalt, Zurich, were given 6.7% of the Swiss Life Real Estate Management Holding shares in exchange for their Swiss Life/Rentenanstalt shares. Therefore, Swiss Life Holding now holds a 100% interest in Swiss Life/Rentenanstalt.

Foreign currency exchange rates

	30.06.2005	31.12.2004
1 EUR	1.5470	1.5430
1 GBP	2.3130	2.1820
1 USD	1.2800	1.1310
<hr/>		
Average	Jan.-June 2005	Jan.-June 2004
1 EUR	1.5465	1.5532
1 GBP	2.2548	2.3066
1 USD	1.2035	1.2661

2 Summary of Significant Accounting Policies

The half-year financial statements are prepared in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting". The accounting policies are consistent with those used in the financial statements for the year ended 31 December 2004 except for the changes in accounting policies as described below. A detailed description of all the accounting policies, including the revised accounting policies, will be provided in the financial statements for the year ending 31 December 2005.

These interim financial statements should be read in conjunction with the 2004 financial statements.

Changes in Accounting Policies

In 2005, the Swiss Life Group adopted the IAS/IFRS as listed below. The 2004 half-year figures have been adjusted as required, in accordance with the relevant standards:

IAS 1 (revised in 2003)	Presentation of Financial Statements
IAS 8 (revised in 2003)	Accounting Policies, Changes in Accounting Estimates and Errors
IAS 10 (revised in 2003)	Events After the Balance Sheet Date
IAS 16 (revised in 2003)	Property, Plant and Equipment
IAS 17 (revised in 2003)	Leases

IAS 21 (revised in 2003)	The Effects of Changes in Foreign Exchange Rates
IAS 24 (revised in 2003)	Related Party Disclosures
IAS 27 (revised in 2003)	Consolidated and Separate Financial Statements
IAS 28 (revised in 2003)	Investments in Associates
IAS 32 (revised in 2003)	Financial Instruments: Disclosure and Presentation
IAS 33 (revised in 2003)	Earnings per Share
IAS 39 (revised in 2003)	Financial Instruments: Recognition and Measurement
IAS 40 (revised in 2003)	Investment Property
IFRS 2 (issued in 2004)	Share-based Payment
IFRS 3 (issued in 2004)	Business Combinations
IFRS 4 (issued in 2004)	Insurance Contracts
IFRS 5 (issued in 2004)	Non-current Assets Held for Sale and Discontinued Operations
IAS 36 (revised in 2004)	Impairment of Assets
IAS 38 (revised in 2004)	Intangible Assets

The adoption of IAS 8, IAS 10, IAS 16, IAS 17, IAS 24, IAS 27, IAS 28 and IAS 40 (all revised in 2003) as well as IFRS 2 and IFRS 5 (both issued in 2004) did not result in substantial changes to the Swiss Life Group's accounting policies.

2 Summary of Significant Accounting Policies (continued)

The changes attributable to the adoption of the other standards were as follows:

IFRS 4 Insurance Contracts

The adoption of IFRS 4 (issued in 2004) has resulted in the following changes:

New definition of insurance contracts Some insurance products previously considered as insurance contracts have been reclassified to investment contracts as they do not contain significant insurance risk.

Discretionary participation features The discretionary participation features (DPF) are defined in IFRS 4 Insurance Contracts as contractual rights to receive, as a supplement to guaranteed benefits, additional benefits which are likely to be a significant portion of the total contractual benefits and whose amount or timing is contractually at the discretion of the issuer. These DPF are contractually based on the performance of a specified pool of contracts or a specified type of contract or on the realised/unrealised investment returns on a specified pool of assets held by the issuer or on the profit or loss of the company.

The bonuses which are allocated to the policyholders in the participating insurance business (insurance and investment contracts) in Switzerland, France, Germany, Belgium/Luxembourg, Italy and partially in the Netherlands generally follow the definition of DPF as set out in IFRS 4 Insurance Contracts.

IFRS 4 Insurance Contracts is silent on the measurement of the amounts identified as DPF. This topic will be solved in phase II of the project of the International Accounting Standards Board on insurance contracts.

The accounting for the amounts identified as DPF has been made as follows:

In some jurisdictions, a statutory minimum distribution ratio ("legal quote") exists for certain types of business. To the extent such a statutory minimum distribution ratio ("legal quote") exists, the rights arising from DPF relating to timing differences in respect of valuation of the relevant assets and liabilities are accounted for as liabilities.

Geographical areas in which the Swiss Life Group is present and in which a statutory minimum distribution ratio ("legal quote") exists are as follows: Switzerland

(group business subject to "legal quote" only), France, Germany, the Netherlands and Italy.

In jurisdictions where no statutory minimum distribution ratio ("legal quote") exists, no amounts identified as DPF have been separated. Such amounts have been included within shareholders' equity.

As the liabilities to policyholders arising from the insurance business are fully recognised, no further liabilities relating to the rights arising from DPF have been set up.

Defined benefit plans covering own employees

Insurance contracts issued to a defined benefit plan covering own employees have been eliminated. The liabilities relating to these contracts are no longer included in the insurance liabilities. They are now reflected in the defined benefit liabilities.

Separate account (unit-linked) assets and liabilities

The separate account (unit-linked) assets and liabilities have been reclassified to other line items in the balance sheet. Separate account (unit-linked) assets have been reclassified to financial assets designated as at fair value through profit or loss, investment property, derivatives and cash and cash equivalents, respectively. Separate account liabilities have been reclassified to insurance liabilities. A derivative embedded in separate account contracts has been separated for the right of the policyholder to participate in the performance of the underlying assets. The deposit components of unit-linked reserves have been reclassified to financial liabilities designated as at fair value through profit or loss.

IAS 39 (revised) Financial Instruments: Recognition and Measurement

Financial assets at fair value through profit or loss

The standard permits an entity to designate any financial asset or financial liability on initial recognition as one to be measured at fair value, with changes in fair value recognised in profit or loss (fair value option). The adoption of IAS 39 (revised) resulted in the reclassification of certain financial assets and financial liabilities as at fair value through profit or loss.

Impairment of financial assets With regard to impairment of financial assets, clarification is given that an impairment loss is recognised only when it has been incurred. It also provides additional guidance on what events provide objective evidence of impairment for

2 Summary of Significant Accounting Policies (continued)

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investments in equity instruments. An impairment loss on available-for-sale equity instruments cannot be reversed through profit or loss. Any subsequent increase in fair value is recognised in equity. As a Group policy, available-for-sale investments in equity securities and investment funds are assessed for impairment when the market value as at the balance sheet date is 30% or more below cost, or the market value remains below cost for the previous 12 months or longer.

Other New/Revised Standards

IAS 1 (revised) Presentation of Financial Statements

IAS 1 has affected the presentation of minority interests and other disclosures. Minority interests are presented within equity. On the face of the income statement, minority interests are presented as an allocation of profit or loss.

IAS 21 (revised) The Effects of Changes in Foreign

Exchange Rates With the adoption of this standard, the functional currencies of all the entities of the Swiss Life Group have been re-evaluated. Goodwill that has arisen since 1 January 2005 has been translated at closing rates.

IAS 32 (revised) Financial Instruments: Disclosure and

Presentation IAS 32 has resulted in the re-evaluation of whether a financial instrument qualifies as a liability or as an equity instrument.

IAS 33 (revised) Earnings per Share With the adoption of IAS 33 (revised), basic earnings per share and diluted earnings per share have been recalculated. The effect of the issuance of the mandatory convertible securities has been included in the calculation of basic earnings per share.

IFRS 3 Business Combinations, IAS 36 (revised) Impairment of Assets, IAS 38 (revised) Intangible

Assets The accounting policy for goodwill has changed due to the adoption of IFRS 3, IAS 36 and IAS 38. Starting with 2005, goodwill is no longer amortised and accumulated amortisation as at 31 December 2004 has been eliminated. With effect from 1 January 2005 goodwill is tested for impairment on an annual basis. The carrying amount of negative goodwill as at 1 January 2005 was derecognised with a corresponding adjustment to the opening balance of retained earnings.

The effects of the changes in accounting policies are shown in note 25.

3 Segment Information

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

Under the new strategy primary segmentation is split into four categories: Insurance, Banking, Investment Management and Other.

- The "Insurance" segment consists of life and non-life insurance operations. Life insurance operations offer a broad range of life, pension, annuity and investment-type policies to both groups and individuals, including accident, health and disability coverage. Non-life operations principally include property and casualty, liability and motor insurance. The Group's strategy focuses primarily on the life and pension business in a number of key European markets, such as Switzerland, France, Germany, the Netherlands, Belgium/Luxembourg and Italy. Non-life operations include operations in France, Belgium, Switzerland and Italy. Non-life operations are no longer disclosed as a separate segment as these operations are no longer strategically relevant to

the Group and do not fulfill the critical thresholds for separate disclosure. The "Insurance" segment also includes a number of companies which are predominantly active in the management of investments primarily pertaining to life insurance.

- "Banking" involves the management of assets for high net worth individuals, as well as the provision of corresponding special asset management services. "Banking" covers the Group's banking operations.
- "Investment Management" refers to the management of assets for institutional clients and the Group insurance business, as well as the provision of expert advice for such clients.
- "Other" refers principally to various service companies and general corporate functions not specifically related to any of the other 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. The statement of income and balance sheet for the primary segments are given on the pages below:

3 Segment Information (continued)

Statement of income for the half-year ended 30 June 2005

In CHF million	Insurance	Banking	Investment Management	Other	Eliminations	Total
Insurance premiums earned	8 501	–	–	–	–32	8 469
Insurance premiums ceded to reinsurers	–113	–	–	–	–	–113
Net earned insurance premiums	8 388	–	–	–	–32	8 356
Policy fees arising from insurance contracts	73	–	–	–	–	73
Fee income	174	150	78	3	–61	344
Investment income	2 434	130	1	15	–8	2 572
Net gains/losses on financial assets	1 062	67	–	–1	–	1 128
Net gains/losses on financial instruments at fair value through profit or loss	–751	78	–	8	–2	–667
Net gains/losses on investment property	–23	–	–	–	–	–23
Other income	193	–118	–1	5	–9	70
Total income	11 550	307	78	30	–112	11 853
<i>of which inter-segment</i>	<i>3</i>	<i>55</i>	<i>40</i>	<i>14</i>	<i>–112</i>	
Insurance benefits, claims and claims settlement costs	–8 620	–	–	–	36	–8 584
Insurance benefits, claims and claims settlement costs ceded to reinsurers	55	–	–	–	–	55
Net insurance benefits, claims and claims settlement costs	–8 565	–	–	–	36	–8 529
Policyholder participation	–871	–	–	–	1	–870
Interest expense	–354	–33	0	0	2	–385
Commission expense	–483	–8	–12	–	11	–492
Employee benefits expense	–518	–100	–28	–1	–5	–652
Depreciation and amortisation expense	–284	–11	0	–	–	–295
Impairment of property and equipment and intangible assets	0	–	–	–	–	0
Acquisition and origination costs deferred	273	–	–	–	–	273
Other expenses	–321	–75	–16	–7	57	–362
Total expenses	–11 123	–227	–56	–8	102	–11 312
<i>of which inter-segment</i>	<i>–85</i>	<i>2</i>	<i>–13</i>	<i>–6</i>	<i>102</i>	
Segment result	427	80	22	22	–10	541
<i>of which inter-segment</i>	<i>–82</i>	<i>57</i>	<i>27</i>	<i>8</i>	<i>–10</i>	
Borrowing costs	–55	–26	0	–24	10	–95
Share of results of associates	1	0	0	3	–	4
Income tax expense						13
Net result						463

3 Segment Information (continued)

Statement of income for the half-year ended 30 June 2004 (restated)

In CHF million	Insurance	Banking	Investment Management	Other	Eliminations	Total
Insurance premiums earned	9 482	-	-	-	-18	9 464
Insurance premiums ceded to reinsurers	-599	-	-	-	-	-599
Net earned insurance premiums	8 883	-	-	-	-18	8 865
Policy fees arising from insurance contracts	87	-	-	-	-	87
Fee income	170	150	76	3	-51	348
Investment income	2 513	118	1	17	-15	2 634
Net gains/losses on financial assets	280	-14	-1	-	-	265
Net gains/losses on financial instruments at fair value through profit or loss	37	45	0	0	-	82
Net gains/losses on investment property	-51	-	-	-	-	-51
Other income	21	9	10	1	-9	32
Total income	11 940	308	86	21	-93	12 262
<i>of which inter-segment</i>	<i>30</i>	<i>12</i>	<i>33</i>	<i>18</i>	<i>-93</i>	
Insurance benefits, claims and claims settlement costs	-9 371	-	-	-	21	-9 350
Insurance benefits, claims and claims settlement costs ceded to reinsurers	442	-	-	-	-	442
Net insurance benefits, claims and claims settlement costs	-8 929	-	-	-	21	-8 908
Policyholder participation	-865	-	-	-	1	-864
Interest expense	-403	-25	-	0	2	-426
Commission expense	-435	-8	-10	0	11	-442
Employee benefits expense	-492	-93	-26	0	-5	-616
Depreciation and amortisation expense	-277	-34	-1	-	-	-312
Impairment of property and equipment and intangible assets	-3	-	-	-	-	-3
Acquisition and origination costs deferred	280	-	-	-	-	280
Other expenses	-328	-72	-15	-8	47	-376
Total expenses	-11 452	-232	-52	-8	77	-11 667
<i>of which inter-segment</i>	<i>-81</i>	<i>14</i>	<i>-6</i>	<i>-4</i>	<i>77</i>	
Segment result	488	76	34	13	-16	595
<i>of which inter-segment</i>	<i>-51</i>	<i>26</i>	<i>27</i>	<i>14</i>	<i>-16</i>	
Borrowing costs	-74	-15	0	-8	16	-81
Share of results of associates	2	0	-	-	-	2
Income tax expense						-158
Net result						358

3 Segment Information (continued)

20

Statement of income insurance segment for the half-year ended 30 June 2005

In CHF million	Switzerland	France	Germany	Netherlands	Belgium/ Luxembourg	Other	Elimi- nations	Total
Insurance premiums earned	5 386	1 385	860	702	165	11	-8	8 501
Insurance premiums ceded to reinsurers	-22	-53	-30	-7	-7	-2	8	-113
Net earned insurance premiums	5 364	1 332	830	695	158	9	0	8 388
Policy fees arising from insurance contracts	6	34	-	33	0	-	-	73
Fee income	41	115	3	12	10	0	-7	174
Investment income	1 067	627	373	281	84	6	-4	2 434
Net gains/losses on financial assets	880	25	32	89	36	0	-	1 062
Net gains/losses on financial instruments at fair value through profit or loss	-730	50	-85	9	5	-	-	-751
Net gains/losses on investment property	-16	0	-6	0	-1	-	-	-23
Other income	168	3	13	3	6	0	0	193
Total income	6 780	2 186	1 160	1 122	298	15	-11	11 550
<i>of which inter-subsegment</i>	<i>18</i>	<i>-1</i>	<i>0</i>	<i>-2</i>	<i>-3</i>	<i>-1</i>	<i>-11</i>	
Insurance benefits, claims and claims settlement costs	-5 611	-1 086	-925	-834	-152	-13	1	-8 620
Insurance benefits, claims and claims settlement costs ceded to reinsurers	5	16	31	0	2	2	-1	55
Net insurance benefits, claims and claims settlement costs	-5 606	-1 070	-894	-834	-150	-11	0	-8 565
Policyholder participation	-405	-322	-34	-105	-5	-	0	-871
Interest expense	-53	-243	-15	-8	-35	0	0	-354
Commission expense	-63	-272	-94	-31	-22	-1	-	-483
Employee benefits expense	-281	-115	-46	-45	-27	-4	-	-518
Depreciation and amortisation expense	-34	-142	-85	-20	-3	0	-	-284
Impairment of property and equipment and intangible assets	-	-	0	-	-	-	-	0
Acquisition and origination costs deferred	57	134	53	18	11	-	-	273
Other expenses	-146	-105	-25	-32	-17	-3	7	-321
Total expenses	-6 531	-2 135	-1 140	-1 057	-248	-19	7	-11 123
<i>of which inter-subsegment</i>	<i>-3</i>	<i>-2</i>	<i>-2</i>	<i>-2</i>	<i>1</i>	<i>1</i>	<i>7</i>	
Net result from operations	249	51	20	65	50	-4	-4	427
<i>of which inter-subsegment</i>	<i>15</i>	<i>-3</i>	<i>-2</i>	<i>-4</i>	<i>-2</i>	<i>0</i>	<i>-4</i>	

3 Segment Information (continued)

Statement of income insurance segment for the half-year ended 30 June 2004 (restated)

In CHF million	Switzerland	France	Germany	Netherlands	Belgium/ Luxembourg	Other	Elimi- nations	Total
Insurance premiums earned	6 136	1 376	860	625	176	325	-16	9 482
Insurance premiums ceded to reinsurers	-20	-68	-30	-4	-6	-487	16	-599
Net earned insurance premiums	6 116	1 308	830	621	170	-162	0	8 883
Policy fees arising from insurance contracts	15	34	5	28	1	4	-	87
Fee income	51	103	0	10	10	3	-7	170
Investment income	1 132	593	376	307	71	45	-11	2 513
Net gains/losses on financial assets	190	37	26	8	12	7	-	280
Net gains/losses on financial instruments at fair value through profit or loss	-32	-3	-3	50	-1	26	-	37
Net gains/losses on investment property	-59	8	1	0	-1	0	-	-51
Other income	30	5	-7	-9	-2	6	-2	21
Total income	7 443	2 085	1 228	1 015	260	-71	-20	11 940
<i>of which inter-subsegment</i>	<i>35</i>	<i>-3</i>	<i>-2</i>	<i>-1</i>	<i>-2</i>	<i>-7</i>	<i>-20</i>	
Insurance benefits, claims and claims settlement costs	-6 322	-1 069	-857	-789	-163	-168	-3	-9 371
Insurance benefits, claims and claims settlement costs ceded to reinsurers	1	25	33	2	1	377	3	442
Net insurance benefits, claims and claims settlement costs	-6 321	-1 044	-824	-787	-162	209	0	-8 929
Policyholder participation	-321	-265	-231	-41	-5	-2	0	-865
Interest expense	-77	-247	-12	-5	-33	-29	0	-403
Commission expense	-53	-251	-90	-24	-19	2	-	-435
Employee benefits expense	-253	-111	-49	-43	-25	-11	-	-492
Depreciation and amortisation expense	-60	-151	-23	-20	-4	-19	-	-277
Impairment of property and equipment and intangible assets	-	-	-3	-	-	-	-	-3
Acquisition and origination costs deferred	51	125	70	15	9	10	-	280
Other expenses	-145	-104	-23	-30	-15	-18	7	-328
Total expenses	-7 179	-2 048	-1 185	-935	-254	142	7	-11 452
<i>of which inter-subsegment</i>	<i>2</i>	<i>-1</i>	<i>0</i>	<i>-1</i>	<i>0</i>	<i>-7</i>	<i>7</i>	
Net result from operations	264	37	43	80	6	71	-13	488
<i>of which inter-subsegment</i>	<i>37</i>	<i>-4</i>	<i>-2</i>	<i>-2</i>	<i>-2</i>	<i>-14</i>	<i>-13</i>	

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

Separate account (unit-linked) assets are managed for the account and risk of Swiss Life Group's customers. Unit-linked contracts are insurance or investment contracts where the insurance benefits are linked to the unit values of investment funds. Certain unit-linked contracts contain guaranteed minimum insurance benefits. Separate accounts are insurance contracts with a separated part that is managed for the account and risk of the customer.

The assets of the separate account (unit-linked) contracts are included in financial assets and the related income and gains and losses are included in the income statement under the respective line items.

The liabilities of the separate account (unit-linked) contracts are included in financial liabilities at fair value through profit or loss (mainly unit-linked contracts) and insurance liabilities (mainly separate account contracts).

The financial result has been split into a part relating to assets for which the investment risk is borne by the Swiss Life Group and a part relating to contracts for which the investment risk is borne by the customers.

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

In CHF million	30.06.2005	31.12.2004
		restated
Cash and cash equivalents	411	345
Derivatives	0	0
Financial assets at fair value through profit or loss		
Debt securities	1 758	1 572
Equity securities	1 777	1 552
Investment fund units	1 906	1 739
Other	253	190
Investment property	4	3
Total assets for the account and risk of Swiss Life Group's customers	6 109	5 401

Financial result

In CHF million	2005 HY	2004 HY	2005 HY	2004 HY	2005 HY	2004 HY
	For the account and risk of Swiss Life Group	For the account and risk of Swiss Life Group	For the account and risk of Swiss Life Group's customers	For the account and risk of Swiss Life Group's customers	Total	Total
		restated		restated		restated
Investment income	2 572	2 634	–	0	2 572	2 634
Net gains/losses on financial assets	1 128	265	–	–	1 128	265
Net gains/losses on financial instruments at fair value through profit or loss	–780	74	113	8	–667	82
Net gains/losses on investment property	–22	–51	–1	0	–23	–51
Share of results of associates	4	2	–	–	4	2
Financial result as at 30 June	2 902	2 924	112	8	3 014	2 932

5 Insurance Premium Revenue and Deposits

Written insurance premiums

In CHF million	2005 HY	2004 HY	2005 HY	2004 HY	2005 HY	2004 HY
	Short-duration contracts	Short-duration contracts	Long-duration contracts	Long-duration contracts	Total	Total
		restated		restated		restated
Direct	1 647	1 550	6 866	7 920	8 513	9 470
Assumed	94	112	10	13	104	125
Gross written insurance premiums	1 741	1 662	6 876	7 933	8 617	9 595
Ceded	-86	-504	-37	-106	-123	-610
Net written insurance premiums	1 655	1 158	6 839	7 827	8 494	8 985

Earned insurance premiums

In CHF million	2005 HY	2004 HY	2005 HY	2004 HY	2005 HY	2004 HY
	Short-duration contracts	Short-duration contracts	Long-duration contracts	Long-duration contracts	Total	Total
		restated		restated		restated
Direct	1 517	1 426	6 849	7 914	8 366	9 340
Assumed	93	111	10	13	103	124
Gross earned insurance premiums	1 610	1 537	6 859	7 927	8 469	9 464
Ceded	-76	-494	-37	-105	-113	-599
Net earned insurance premiums	1 534	1 043	6 822	7 822	8 356	8 865

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

In CHF million	2005 HY	2004 HY
		restated
Net earned insurance premiums as reported	8 356	8 865
Policy fees arising from insurance contracts	73	87
Fees from investment contracts	130	107
Deposits received under insurance and investment contracts	2 815	2 110
Net earned premiums, fees and deposits received	11 374	11 169
Gross written premiums, fees and deposits received	11 635	11 899

6 Details of Certain Items in the Income Statement

Fee income

In CHF million	2005 HY	2004 HY
		restated
Fiduciary and portfolio management fees	121	122
Brokerage fees	41	46
Fees from investment contracts	130	107
Other service fees and commissions	52	73
Total fee income	344	348

Investment income

In CHF million	2005 HY	2004 HY
		restated
Interest income on financial assets held to maturity and available for sale	1 600	1 531
Interest income on loans	555	667
Other interest income	56	46
Dividend income on financial assets available for sale	106	128
Net income on investment property	255	262
Total investment income	2 572	2 634

Net gains/losses on financial assets

In CHF million	2005 HY	2004 HY
		restated
<i>Sale of</i>		
Financial assets held to maturity	0	1
Financial assets available for sale	589	468
Loans	0	-1
Other	-	-
Net gains/losses from sales	589	468
<i>Impairment losses</i>		
Financial assets held to maturity	-	-
Financial assets available for sale	-36	-16
Loans	-11	-15
Impairment losses on financial assets	-47	-31
Foreign currency gains/losses	586	-172
Total net gains/losses on financial assets	1 128	265

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

In CHF million	2005 HY	2004 HY
		restated
<i>Fair value gains/losses on</i>		
Interest rate instruments	-17	-35
Equity instruments	558	164
Foreign currency instruments and other	-1 208	-47
Total net gains/losses on financial instruments at fair value through profit or loss	-667	82

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

Other income

In CHF million	2005 HY	2004 HY
		restated
Realised gains/losses on sales of other assets	7	-13
Other foreign currency gains/losses	32	31
Other	31	14
Total other income	70	32

Net insurance benefits, claims and claims settlement costs

In CHF million	2005 HY	2004 HY
		restated
Net life benefits and claims	7 465	8 517
Change in liability for future life policyholder benefits	754	61
Claims and claims settlement costs	310	330
Total net insurance benefits, claims and claims settlement costs	8 529	8 908

Interest expense

In CHF million	2005 HY	2004 HY
		restated
Interest expense on deposits	53	47
Interest expense on investment contracts	321	353
Other interest expense	11	26
Total interest expense	385	426

Commission expense

In CHF million	2005 HY	2004 HY
		restated
Insurance agent and broker commissions	418	383
Commissions for banking activities	13	10
Other commissions and fees	61	49
Total commission expense	492	442

Other expenses

In CHF million	2005 HY	2004 HY
		restated
Investment management expenses	17	12
Assumed underwriting and acquisition expenses	5	12
Ceded underwriting and acquisition expenses	-8	-14
Marketing and advertising	31	25
Information technology and systems	70	70
Rental, maintenance and repair expense	67	54
Other	180	217
Total other expenses	362	376

7 Income Taxes

Income tax expense

In CHF million	2005 HY	2004 HY
		restated
Current tax expense	80	64
Deferred tax expense	-93	94
Total income tax expense	-13	158

Due to a change in the French tax legislation with regard to taxation of shareholding, tax expenses were reduced by CHF 62 million. The Swiss Life Group realised a tax benefit of CHF 18 million relating to the restructuring of the real

estate management business. Additionally, due to the reduction of the tax base in the real estate business a tax benefit totalling CHF 23 million was realised.

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

The adoption of IAS 39 (revised) has resulted in the designation of certain financial assets and financial liabilities as at fair value through profit or loss.

In CHF million	30.06.05	31.12.04	30.06.05	31.12.04	30.06.05	31.12.04
	Held for trading	Held for trading	Designated as at fair value through profit or loss	Designated as at fair value through profit or loss	Total	Total
		restated		restated		restated
Financial assets at fair value through profit or loss						
Debt securities	880	697	4 454	4 092	5 334	4 789
Money market instruments	-	-	21	2	21	2
Equity securities	1 134	271	4 040	4 054	5 174	4 325
Unit trusts (debt)	-	-	1 504	1 478	1 504	1 478
Unit trusts (equity)	-	-	5 007	5 047	5 007	5 047
Unit trusts (mixed)	-	-	3 854	3 095	3 854	3 095
Private equity	1	0	63	60	64	60
Hedge funds	-	-	264	237	264	237
Other	221	155	203	175	424	330
Total financial assets at fair value through profit or loss	2 236	1 123	19 410	18 240	21 646	19 363
<i>Securities pledged under repurchase agreements</i>	91	313	-	-	91	313
Financial liabilities at fair value through profit or loss						
Debt instruments	340	306	-	-	340	306
Equity instruments	14	62	-	-	14	62
Investment contracts without discretionary participation features	-	-	307	231	307	231
Liabilities for the account and risk of Swiss Life Group's customers	-	-	3 966	3 432	3 966	3 432
Other	259	191	780	717	1 039	908
Total financial liabilities at fair value through profit or loss	613	559	5 053	4 380	5 666	4 939

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

Financial assets at fair value through profit or loss that have been sold under a repurchase agreement or lent under an agreement to return them, and where the transferee has

the right to sell or repledge the financial assets given as collateral, were reclassified to financial assets pledged as collateral.

9 Financial Assets Available for Sale

In CHF million	30.06.05	31.12.04	30.06.05	31.12.04	30.06.05	31.12.04
	Cost/ amortised cost	Cost/ amortised cost	Net unrealised gains/losses	Net unrealised gains/losses	Fair value (carrying value)	Fair value (carrying value)
		restated		restated		restated
Debt securities	71 210	66 454	6 455	3 973	77 665	70 427
Money market instruments	22	22	–	0	22	22
Equity securities	3 146	2 865	619	393	3 765	3 258
Investment fund units – debt	37	34	1	–	38	34
Investment fund units – equity	22	19	1	1	23	20
Investment fund units – mixed	223	212	6	3	229	215
Private equity	139	258	4	5	143	263
Hedge funds	3 571	3 034	152	108	3 723	3 142
Other	643	585	17	12	660	597
Total financial assets available for sale, net of impairment	79 013	73 483	7 255	4 495	86 268	77 978
<i>Securities pledged under repurchase agreements</i>	<i>522</i>	<i>552</i>	<i>0</i>	<i>13</i>	<i>522</i>	<i>565</i>

Financial assets available for sale that have been sold under a repurchase agreement or lent under an agreement to return them, and where the transferee has the right to sell

or repledge the financial assets given as collateral, were reclassified to financial assets pledged as collateral.

10 Loans

In CHF million	30.06.05	31.12.04	30.06.05	31.12.04	30.06.05	31.12.04	30.06.05	31.12.04
	Receiv- ables	Receiv- ables	Allowance for loan losses	Allowance for loan losses	Carrying value	Carrying value	Fair value	Fair value
		restated		restated		restated		restated
Mortgages	8 767	8 706	–64	–61	8 703	8 645	8 808	8 714
Policy loans	891	1 010	–	–	891	1 010	916	1 016
Other loans	19 428	19 631	–127	–124	19 301	19 507	20 740	20 489
Repurchase agreements	367	493	–	–	367	493	367	492
Total loans	29 453	29 840	–191	–185	29 262	29 655	30 831	30 711

11 Financial Assets Held to Maturity

In CHF million	30.06.05	31.12.04	30.06.05	31.12.04	30.06.05	31.12.04
	Cost/ amortised cost (carrying value)	Cost/ amortised cost (carrying value)	Net unrecognised gains/losses	Net unrecognised gains/losses	Fair value	Fair value
		restated		restated		restated
Debt securities	4 153	4 101	335	277	4 488	4 378
Money market instruments	45	46	–	0	45	46
Total financial assets held to maturity, net of impairment	4 198	4 147	335	277	4 533	4 424

12 Investments in Associates

In CHF million	2005 HY	2004 YE
		restated
Balance as at 1 January	58	64
Adoption of IAS 28 revised	–	0
Balance as at 1 January restated	58	64
Additions	0	0
Additions due to partial sale of subsidiaries	–	4
Reduction due to majority ownership	–1	–12
Disposals	0	0
Share of results	4	3
Share of amounts recognised directly in equity	–	0
Dividends paid	–4	–1
Foreign currency translation differences	0	0
Balance at end of period, net of impairment losses	57	58

Goodwill relating to investments in associates has been included in the carrying amount of investments in associates in accordance with IAS 28 (revised) Investment in Associates. An amount totalling CHF 0.02 million was reclassified from intangible assets to investments in associates as at 1 January 2004.

In 2004, Adamant Biomedical Investments AG, Basel, LGT Swiss Life Non Traditional Advisers, Liechtenstein,

and a service company in Germany, were reclassified to investments in associates due to partial sales of the equity stakes held.

Due to the acquisition of the remaining 60.7% of Oudart in 2004, an asset management group, investments in associates were reduced by CHF 12 million.

13 Intangible Assets Including Intangible Insurance Assets

In CHF million							2005 HY	2004 YE
	Goodwill	Present value of future profits (PVP)	Deferred acquisition costs (DAC)	Deferred origination costs	Customer relationships	Other intangible assets	Total	Total
								restated
Cost								
Balance as at 1 January	2 500	65	4 706	212	15	181	7 679	7 179
Adoption of IAS 28 revised	-	-	-	-	-	-	-	-3
Adoption of IFRS 4	-	-	-	-	-	-	-	-162
Adoption of IFRS 3	-794	-	-	-	-	-	-794	-
Balance as at 1 January restated	1 706	65	4 706	212	15	181	6 885	7 014
Reclassification of computer software from property and equipment	-	-	-	-	-	-	-	205
Additions	-	-	258	15	-	9	282	591
Additions from business combinations	-	-	-	-	-	0	0	16
Disposals and write-offs	-	-	-	-	-	-6	-6	-126
Other movements	-	-	-	-	-	-	-	-
Foreign currency translation effects	0	0	9	2	-1	0	10	-21
Balance at end of period	1 706	65	4 973	229	14	184	7 171	7 679
Accumulated amortisation and impairment								
Balance as at 1 January	-1 699	-50	-2 400	-10	-3	-110	-4 272	-3 315
Adoption of IAS 28 revised	-	-	-	-	-	-	-	3
Adoption of IFRS 3	798	-	-	-	-	-	798	-
Balance as at 1 January restated	-901	-50	-2 400	-10	-3	-110	-3 474	-3 312
Reclassification of computer software from property and equipment	-	-	-	-	-	-	-	-134
Amortisation recognised in income	-	-2	-237	-8	-2	-8	-257	-600
Amortisation recognised directly in equity	-	-2	-203	-	-	-	-205	-139
Impairment losses	-	-	0	-	-	-	0	-163
Disposals and write-offs	-	-	-	-	-	6	6	73
Foreign currency translation effects	0	1	-5	-1	0	0	-5	3
Balance at end of period	-901	-53	-2 845	-19	-5	-112	-3 935	-4 272
Total intangible assets at end of period	805	12	2 128	210	9	72	3 236	3 407

Due to the adoption of IFRS 3 Business Combinations, negative goodwill totalling CHF 4 million was derecognised with a corresponding adjustment to other reserves as at 1 January 2005. Additionally, accumulated amortisation of goodwill totalling CHF 798 million was eliminated as at 1 January 2005.

The net carrying amount of goodwill of CHF 805 million includes goodwill on the following acquisitions:

- Banca del Gottardo CHF 518 million
- Lloyd Continental CHF 287 million

Deferred acquisition costs totalling CHF 162 million were derecognised as at 1 January 2004 as these costs related

13 Intangible Assets Including Intangible Insurance Assets (continued)

to contracts which no longer qualify as insurance contracts under IFRS 4 Insurance Contracts. Additionally, costs totalling CHF 200 million relating to investment contracts were reclassified to deferred origination costs as of 1 January 2004. These costs are recoverable and are directly

attributable to securing investment management contracts. Incremental costs directly attributable to securing investment management contracts are recognised as an asset if they can be identified separately and measured reliably and if it is probable that they will be recovered.

14 Investment Contracts with Discretionary Participation

In CHF million	30.06.2005	31.12.2004
		restated
Liabilities arising from investment contracts with discretionary participation features for which deposit accounting is used	21 091	19 302
Liabilities arising from investment contracts with discretionary participation features with actuarial valuation	670	686
Total investment contracts with discretionary participation	21 761	19 988

For contracts that do not have significant insurance risk but contain discretionary participation features, Swiss Life 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). 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.

15 Investment Contracts and Deposits at Amortised Cost

In CHF million	30.06.2005	31.12.2004
		restated
Investment contracts	994	1 019
Policyholder deposits	1 012	1 057
Reinsurance deposits	609	603
Demand deposits	3 772	3 247
Saving deposits	415	195
Time deposits	2 459	2 060
Total investment contracts and deposits at amortised cost	9 261	8 181

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

16 Borrowings

In CHF million	30.06.2005	31.12.2004
		restated
Money market instruments	77	76
Repurchase agreements	2 635	1 256
Debentures and loans		
Exchangeable debt (GEMMS)	–	833
Hybrid debt	1 455	1 451
Convertible debt	264	259
Mandatory convertible debt	258	257
Subordinated debt	167	167
Other debentures	467	533
Bank loans	1 018	1 454
Finance lease obligations	18	22
Other	–	5
Total borrowings	6 359	6 313

Mandatory convertible debt Due to the requirements of IAS 32 (revised) Financial Instruments: Disclosure and Presentation, the mandatory convertible securities totalling CHF 250 million issued in 2002 (MCS I, 2002–2005) were retrospectively split into an equity component and a liability component. The equity component represents the option to convert the mandatory convertible securities into Swiss Life Holding shares. At inception, the equity component amounted to CHF 14 million (negative). 1 768 535 Swiss Life Holding shares, equivalent to the minimum number of shares convertible under the MCS, were created at inception with an increase of share capital totalling CHF 88 million and a corresponding decrease of share premium. At maturity (19 December 2005), the

liability component will be reclassified to share premium. These mandatory convertible securities had previously been classified as equity instruments, except for the present value of the interest payments of 5.25% p.a., which had been deferred and recognised as a financial liability.

Exchangeable debt (GEMMS) The GEMMS (Guaranteed Exchangeable Monetisations of Multiple Shares) were issued by the Group on 15 May 1998 and were exchangeable at the option of the holder into shares of the designated company until the maturity date of the issue. In May 2005, the remaining outstanding GEMMS matured and were repaid.

17 Insurance Liabilities and Reinsurance Assets

In CHF million	30.06.05	31.12.04	30.06.05	31.12.04	30.06.05	31.12.04
	Gross	Gross	Rein- surance assets	Rein- surance assets	Net	Net
		restated		restated		restated
Claims under non-life insurance contracts	1 778	2 083	269	355	1 509	1 728
Claims under life insurance contracts	7 466	7 730	129	128	7 337	7 602
Unearned premiums	315	214	17	8	298	206
Future life policyholder benefits	87 059	86 114	546	534	86 513	85 580
Insurance liabilities for which deposit accounting is used	6 177	6 353	–	3	6 177	6 350
Non-discretionary policyholder bonuses and other liabilities	667	574	0	3	667	571
Total insurance liabilities and reinsurance assets	103 462	103 068	961	1 031	102 501	102 037

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

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

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

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

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).

Non-discretionary policyholder bonuses and other liabilities Policyholder liabilities are recognised in accordance with legal or contractual requirements and ratified by management.

18 Employee Benefits

Due to the requirements of IFRS 4 Insurance Contracts in combination with IAS 19 Employee Benefits, insurance contracts issued to defined benefit plans covering own employees were eliminated. This elimination led to an adjustment of the net employee benefit liability as at 1 January 2004 of CHF 2035 million. These amounts had previously been treated as plan assets for the calculation

of the defined benefit liabilities and had also been included in insurance liabilities. These plans are typically partially funded as certain plan assets relating to these plans were not required to be eliminated. Associated unrecognised actuarial gains/losses totalling CHF 94 million were eliminated against the opening balance of retained earnings as at 1 January 2004.

Amounts recognised in the consolidated balance sheet

In CHF million	30.06.2005	31.12.2004
		restated
Present value of funded and partially funded obligations	-2 603	-2 565
Fair value of plan assets	208	219
Present value of unfunded obligations	-326	-306
Unrecognised actuarial gains (-)/losses (+)	173	181
Unrecognised past service costs	-3	-8
Net asset (+)/liability (-)	-2 551	-2 479
<i>The net asset/liability consists of</i>		
Gross defined benefit liabilities	-2 662	-2 594
Gross defined benefit assets	111	115

Amounts recognised in the consolidated statement of income

In CHF million	2005 HY	2004 HY
		restated
Current service costs	52	55
Interest costs	52	52
Employer's contribution to purchases	0	0
Expected return on plan assets	-3	-4
Net actuarial gains (-)/losses (+)	6	5
Past service costs	0	0
Employee contributions	-3	-3
Effect of curtailments or settlements	-	-4
Total defined benefit expenses	104	101

18 Employee Benefits (continued)

Change in net asset/liability recognised in the balance sheet

In CHF million	2005 HY	2004 YE
		restated
As at 1 January	-2 479	-312
Effect of elimination of defined benefit plans covering own employees		
Elimination of insurance reserves which do not qualify as plan assets	-	-2 035
Elimination of unrecognised actuarial gains/losses on unqualifying plan assets	-	-94
As at 1 January restated	-2 479	-2 441
Expense recognised in the income statement	-104	-201
Contributions	34	164
Assets/liabilities from acquisitions/disposals	0	-5
Foreign currency translation differences	-2	4
Net liability at end of period	-2 551	-2 479

19 Treasury Shares

Due to the capital increase in June 2004, 397 078 new Swiss Life Holding shares with a nominal value of CHF 50 each were created by reducing conditional share capital. These shares adjust the (minimum) number of shares convertible under the mandatory convertible securities

(MCS) issues (5.25% MCS I, CHF 250 million, 2002–2005, and 1% MCS II, CHF 341 million, 2003–2004).

Upon maturity on 30 December 2004 of the MCS II issue the number of treasury shares decreased by 1 773 706.

Amounts in CHF million (if not noted otherwise)	2005 HY	2004 YE	2005 HY	2004 YE
	Number of shares	Number of shares	Acquisition cost	Acquisition cost
		restated		restated
As at 1 January	2 237 059	3 475 062	38	21
Issuance of shares in form of MCS (adjustment)	-	397 078	-	-
Conversion of MCS	-	-1 773 706	-	-
Purchases of SLH treasury shares	427 061	1 506 662	77	262
Sales of SLH treasury shares	-364 181	-1 368 037	-66	-245
At end of period	2 299 939	2 237 059	49	38

20 Core Capital

In CHF million	30.06.2005	31.12.2004
		restated
Equity	7 753	6 490
Mandatory convertible debt	250	250
Hybrid capital instruments	1 455	1 451
Deferred Group-related funds	7 606	5 549
Total core capital	17 064	13 740

The Group's capital can perform 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 (mandatory convertible debt and hybrid capital instruments) and deferred Group-related funds (theoretical policyholder participation in surplus under consideration of additional DAC amortisation and deferred taxes).

21 Acquisitions and Disposals of Subsidiaries

Assets and liabilities from acquisitions and disposals

In CHF million	2005 HY	2004 HY	2005 HY	2004 HY
	Acquisitions	Acquisitions	Disposals	Disposals
		restated		restated
Investments	–	23	7	–
Cash and cash equivalents	2	52	0	8
Goodwill	–	1	–	–
Present value of profits on acquired insurance portfolios	–	–	–	–
Customer relationships and other intangible assets	0	16	–	0
Other assets	1	6	7	3
Insurance liabilities	–	–	–	–
Other liabilities	–1	–57	–2	–7
Minority shareholders	–1	–	0	0
Net assets acquired/net assets disposed of	1	41	12	4
Transfer from/to associates	1	12	–	–1
Gains/losses recognised directly in equity	–	–	–	–
Currency translation differences	–	–	0	0
Profit (+)/loss (–) on disposals	–	–	6	–1
Cash used for acquisitions (-)/received from disposals (+)	0	–29	18	2
Consideration not yet received in cash	–	–	–	–
Received in cash	–	–	18	2
Payment in kind	–	–	–	–
Total purchase consideration/disposal consideration	0	–29	18	2
Cash used for acquisitions (-)/received from disposals (+)	0	–29	18	2
Cash and cash equivalents acquired (+)/disposed of (–)	2	52	0	–8
Net cash outflow (-)/inflow (+) from acquisitions/disposals	2	23	18	–6

21 Acquisitions and Disposals of Subsidiaries (continued)

In May 2005, the Swiss Life Group sold a real estate company in Belgium and Gottardo A.E.P.E.Y., Athens, a subsidiary of Banca del Gottardo. The sales prices of these transactions amounted to CHF 18 million in total. The gain realised on the sales amounted to CHF 6 million.

In 2005, the Swiss Life Group acquired an additional 2.5% of the shares of Swiss Life Partner AG, Munich.

In May 2004, the Swiss Life Group acquired through its banking subsidiary Banca del Gottardo the asset management group Oudart by exercising the bank's option for the acquisition of the remaining 60.7% of Oudart's shares.

22 Non-Current Assets Held for Sale and Associated Liabilities

The assets and liabilities relating to the disposal group comprise the motor insurance business and the property and liability lines of «La Suisse» that were transferred to Vaudoise. The transfer was completed in August 2005. In return, the Swiss Life Group took over the Vaudoise group life business. The non-current assets classified as held for sale and the liabilities directly associated with these assets relating to the sale of the property and liability business are presented in the insurance segment.

Other assets held for sale comprise property acquired through foreclosure that is available for immediate sale in its present condition. Property acquired through foreclosure totalling CHF 12 million and CHF 5 million is presented in the banking segment and insurance segment, respectively.

Non-current assets held for sale and associated liabilities

In CHF million	30.06.2005		
	Disposal group	Other assets held for sale	Total
Debt securities available for sale	163	–	163
Mortgage loans	7	–	7
Local authority loans	17	–	17
Foreclosed property	–	17	17
Reinsurance assets	72	–	72
Total non-current assets held for sale	259	17	276
Insurance liabilities	324	–	324
Total liabilities associated with non-current assets held for sale	324	–	324
Amounts recognised directly in equity relating to non-current assets held for sale	11	–	11
Total amounts recognised directly in equity relating to non-current assets held for sale	11	–	11

23 Assets under Management

In CHF million	30.06.2005	31.12.2004
		restated
Cash and cash equivalents	8 194	8 649
Derivatives	899	1 643
Financial assets at fair value through profit or loss	21 646	19 363
Debt securities available for sale	77 665	70 427
Money market instruments available for sale	22	22
Equity securities available for sale	3 765	3 258
Investment funds available for sale	290	269
Private equity available for sale	143	263
Hedge funds available for sale	3 723	3 142
Other financial assets available for sale	660	597
Loans	29 262	29 655
Financial assets held to maturity	4 198	4 147
Financial assets pledged as collateral	613	878
Investment property	11 624	11 518
Investments in associates	57	58
Non-current assets held for sale	187	-
Total on-balance-sheet assets	162 948	153 889
Plus fair value adjustments of assets reported at amortised cost		
Financial assets held to maturity	335	277
Loans	1 569	1 056
Minus externally managed on-balance-sheet assets		
Assets under unit-linked business	-2 635	-2 407
Externally managed alternative investments	-4 900	-4 499
Externally managed other assets	-1 177	-1 054
Total on-balance-sheet assets managed by the enterprise	156 140	147 262
Third-party off-balance-sheet assets	44 776	42 527
Total assets under management	200 916	189 789

Assets under management 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 Swiss Life Group's customers (separate account (unit-linked) investments)
- assets managed for third parties by the Group
- minus assets managed by third parties and alternative investments managed by third parties

24 Commitments and Contingent Liabilities

In CHF million	30.06.2005	31.12.2004
		restated
Guarantees and letters of credit	527	527
Documentary credits	49	31
Commitments to extend credit	312	533
Capital commitments	314	343
Private equity commitments	73	174
Operating lease commitments	133	140
Other contingencies and commitments	41	49
Total	1 449	1 797

Guarantees, letters of credit and surety bonds The Group has issued financial guarantees and transaction-related guarantees and similar instruments. Financial guarantees provide for specified payments to be made to reimburse the holder for a loss incurred in the event that a client fails to make payment when due. Transaction-related guarantees such as performance bonds and bid bonds protect the holder against loss in the event of non-performance of a contract. Irrevocable letters of credit and surety bonds have been issued to secure certain reinsurance contracts.

With the sale of the life business in the UK, representations and warranties have been agreed with the buyer which limit the exposure for the Swiss Life Group in respect of time and amount with regard to arising claims and taxes. In relation to mis-selling, it has been agreed that in case of specified events with a material financial impact on the OB fund of the former Swiss Life UK life business, the financial consequences will be shared between the Swiss Life Group and the buyer according to a clear set of rules which limit the impact on the Swiss Life Group with regard to time (five years) and amount (GBP 31.5 million).

Commitments to extend credit The Group has also entered into irrevocable commitments to extend credit in the form of loans and other instruments. They represent undrawn credit lines which are available to clients to secure their liquidity needs. With respect to credit risk, these commitments are contingent upon clients maintaining certain credit standards, and the Group monitors its exposure on a regular basis.

Capital commitments The Group had commitments to purchase investments of CHF 209 million (excluding private equity) as at 30 June 2005 (31 December 2004: CHF 220 million). Contractual obligations to purchase or construct investment property amounted to CHF 105 million as at 30 June 2005 (31 December 2004: CHF 123 million).

Private equity commitments Private equity commitments represent unfunded commitments to make investments in direct private equity or private equity funds. Such commitments do not involve credit or market risk, as the Group purchases investments at market value at the time the commitments are invoked.

25 Changes in Accounting Policies

Impact on equity of changes in accounting policies

In CHF million	2004
Share premium	
MCS reclassified as financial liability	-216
Total adjustments to share premium as at 1 January	-216
Other reserves	
Reclassification of financial assets	531
Adjustments arising on amortised cost measurement of financial assets previously measured at fair value	-406
Impact of SOP 03-1 (additional insurance liabilities)	-54
Adjustment arising on fair value measurement of financial liabilities previously measured at amortised cost	-3
Derecognition of deferred acquisition costs	-233
Derecognition of deferred policy fees and other fee income	121
Recognition of deferred investment management fees	-25
Adjustment due to revised impairment provisions	-496
Adjustment due to elimination of own insurance contracts	91
Adjustment due to reclassification of MCS	-14
Total adjustments to other reserves, before excess DAC amortisation and PVP, policyholder bonuses, deferred taxes and minority interest	-488
Less adjustment attributable to excess DAC amortisation and PVP, policyholder participation, deferred taxes, minority interest	301
Total net adjustments to other reserves due to changes in accounting policies as at 1 January	-187

Share premium Previously, the mandatory convertible securities totalling CHF 250 million (MCS I, 2002–2005) had been classified as equity, except for the present value of the interest payments. Share premium had amounted to CHF 114 million at inception. Under the new requirements of IAS 32 (revised) Financial Instruments: Disclosure and Presentation, the MCS were retrospectively split into an equity component and a liability component. At inception, the equity component amounted to CHF 14 million (negative). 1 768 535 Swiss Life Holding shares, equivalent to the minimum number of shares convertible under the MCS, were created at inception with an increase of share capital totalling CHF 88 million and a corresponding decrease of share premium. As a result share premium decreased by CHF 216 million in total.

Other reserves As permitted by the transitional provisions of IAS 39 (revised) Financial Instruments: Recognition and Measurement, reclassifications of financial assets from the held-to-maturity category to the available-for-sale category and reclassifications of financial assets classified as available for sale to financial assets at fair value through profit or loss were made with a corresponding increase in other reserves of CHF 531 million. The revised definition of

the loans and receivables category led to the reclassification of available-for-sale debt instruments to loans due to the absence of an active market. As a result other reserves decreased by CHF 406 million. The application of the revised impairment provisions for available-for-sale equity instruments led to a decrease totalling CHF 496 million in other reserves.

Due to the adoption of SOP 03–1, “Accounting and Reporting by Insurance Enterprises for Certain Non-Traditional Long-Duration Contracts and for Separate Accounts”, additional liabilities totalling CHF 54 million were set up with a corresponding decrease in other reserves.

Deferred acquisition costs, deferred policy fees and other fee income were derecognised with corresponding adjustments to other reserves totalling CHF 233 million and CHF 121 million, respectively. Deferred investment management fees were recognised and led to an adjustment totalling CHF 25 million in other reserves. These adjustments primarily related to unit-linked contracts that were unbundled into a deposit component and an insurance component with corresponding adjustments to other reserves.

25 Changes in Accounting Policies (continued)

40

The elimination of own insurance contracts (defined benefit plans) led to an adjustment totalling CHF 91 million in other reserves. The adjustment is due to actuarial gains/losses that were previously unrecognised because they fell outside the range for recognition (“corridor”) and the release of insurance liabilities.

Due to the retrospective split of the MCS I into an equity component and a liability component, interest expense relating to the liability component led to a decrease in other reserves totalling CHF 14 million.

Restatement effect on financial assets and investment property

In CHF million	01.01.2004 as reported	Adjustments	01.01.2004 restated
Cash and cash equivalents	6 250	364	
Cash and cash equivalents			6 614
Derivatives	-	1 663	
Derivatives			1 663
Financial assets held for trading	3 024	14 116	
Financial assets at fair value through profit or loss			17 140
Available-for-sale investments	88 906	-14 116	
Financial assets available for sale			74 790
Loans originated by the enterprise	25 600	7 070	
Loans			32 670
Held-to-maturity investments	5 317	-1 380	
Financial assets held to maturity			3 937
Financial assets pledged as collateral	-	677	
Financial assets pledged as collateral			677
Investment property	11 082	4	
Investment property			11 086
Separate account (unit-linked) assets	8 658	-8 658	
Separate account (unit-linked) assets			-

25 Changes in Accounting Policies (continued)

Financial instruments reclassified

In CHF million	Carrying amount	Fair value	Carrying amount
	01.01.2004	01.01.2004	01.01.2004
	as reported		reclassified
Financial assets held to maturity	1 328		
Financial assets available for sale		1 363	1 363
Financial assets held to maturity	39		
Financial assets at fair value through profit or loss		39	39
Financial assets available for sale	7 604		
Financial assets at fair value through profit or loss		7 604	7 604
Financial assets available for sale	7 476		
Loans		7 476	7 070
Borrowings	40		
Financial liabilities at fair value through profit or loss		43	43

Separate account (unit-linked) assets totalling CHF 8658 million were reclassified to financial assets at fair value through profit or loss (CHF 8290 million), cash and cash equivalents (CHF 364 million) and investment property (CHF 4 million).

Derivatives designated and accounted for as hedging instruments totalling CHF 111 million and trading derivatives totalling CHF 1622 million were reclassified from other assets and financial assets held for trading to derivatives. Additionally, CHF 70 million was reclassified from derivatives to financial assets at fair value through profit or loss. These amounts primarily related to derivatives embedded in debt securities that were previously reported separately from the host contract.

Financial assets available for sale totalling CHF 7604 million and CHF 7476 million were reclassified to financial assets at fair value through profit or loss and to loans,

respectively. The reclassification of financial assets available for sale to loans led to an adjustment to other reserves totalling CHF 406 million.

Financial assets held to maturity totalling CHF 1328 million and CHF 39 million were reclassified to financial assets available for sale and financial assets at fair value through profit or loss, respectively. The reclassification of financial assets held to maturity to financial assets available for sale led to an adjustment to other reserves totalling CHF 35 million.

Financial assets at fair value through profit or loss totalling CHF 265 million, financial assets available for sale totalling CHF 399 million and financial assets held to maturity totalling CHF 13 million were reclassified to financial assets pledged as collateral.

25 Changes in Accounting Policies (continued)

Restatement effect on financial liabilities and insurance liabilities

In CHF million	01.01.2004	Adjustments	01.01.2004
	as reported		restated
Financial liabilities held for trading	1 225	4 318	
Financial liabilities at fair value through profit or loss			4 536
Derivatives			1 007
Investment contracts with discretionary participation	-	17 978	
Investment contracts with discretionary participation			17 978
Investment contracts, customer deposits and other funds on deposit	29 352	-20 801	
Investment contracts and deposits at amortised cost			8 551
Borrowings	5 802	214	
Borrowings			6 016
Insurance reserves	103 862	729	
Insurance liabilities			104 591
Discretionary participation liabilities	-	4 139	
Discretionary participation liabilities			4 139
Separate account (unit-linked) liabilities	8 674	-8 674	
Separate account (unit-linked) liabilities			-

Derivatives designated and accounted for as hedging instruments previously carried under other liabilities totalling CHF 49 million and trading derivatives totalling CHF 744 million were reclassified to derivatives. Derivatives embedded in separate account contracts totalling CHF 214 million were reclassified to derivatives.

Separate account (unit-linked) liabilities were reclassified to financial liabilities at fair value through profit or loss (CHF 4012 million), insurance liabilities (CHF 4047 million) and investment contracts with discretionary participation (CHF 401 million).

Liabilities totalling CHF 640 million and CHF 16937 million arising from contracts that no longer qualify as insurance contracts but contain discretionary participation features were reclassified to investment contracts with discretionary participation from insurance liabilities and investment contracts, customer deposits and other funds on deposit, respectively.

Liabilities totalling CHF 3864 million were reclassified from investment contracts, customer deposits and other funds on deposit to insurance liabilities.

Insurance liabilities decreased by CHF 2220 million due to the elimination of own insurance contracts covering own employees.

An amount of CHF 4322 million was reclassified from insurance liabilities to discretionary participation liabilities. Due to changes in accounting policies as at 1 January the liability for discretionary participation decreased by CHF 183 million.

Liabilities totalling CHF 43 million relating to structured products were reclassified from borrowings to financial liabilities at fair value through profit or loss with a corresponding negative adjustment to other reserves of CHF 3 million. The liability component totalling CHF 254 million of the mandatory convertible securities (MCS I, CHF 250 million, 2002–2005) was reclassified from equity to borrowings.

25 Changes in Accounting Policies (continued)

Net result

In CHF million	2004 HY
Net income as previously reported	398
Net earned premiums, policy fees and fee income	-56
Interest expense on investment contracts	20
Employee benefits expense	-35
Financial result	183
One-off effects («legal quote» and conversion rate)	-164
Other items	-3
Net result attributable to equity holders of Swiss Life Holding, restated	343
Minority interest	15
Net result, restated	358

The elimination of insurance contracts covering own employees (defined benefit plans) led to a decrease of CHF 56 million in net earned insurance premiums, policy fees and fee income and to an increase of CHF 35 million in employee benefits expense.

Interest expense on investment contracts decreased by CHF 20 million primarily due to the reclassification of investment contracts previously carried under investment contracts and deposits at amortised cost. These contracts have been reclassified as financial liabilities at fair value through profit or loss. The interest expense relating to these contracts has been included in net gains/losses on financial instruments at fair value through profit or loss.

Mainly due to the designation of financial assets as financial assets at fair value through profit or loss, the financial result increased by CHF 183 million.

As previously disclosed, the conversion rate for the pensions under the non-mandatory part of the BVG occupational pensions business (Swiss occupational plans) has been reduced by the Swiss Life Group from 7.2% to 5.835%. This reduction resulted in a release of insurance liabilities (after taxes) of CHF 253 million.

Due to a change in accounting policy relating to the valuation differences on the insurance business with

discretionary participation, a liability for discretionary participation was set up as at 1 January 2004. The liability also covered the valuation differences on the insurance liabilities relating to the conversion rate for the pensions under the non-mandatory part of the BVG occupational pensions business. With the release of insurance liabilities (after taxes) of CHF 253 million, the liability for discretionary participation was increased accordingly. This increase of the liability for discretionary participation resulted in an expense which compensated the release of insurance liabilities.

As previously disclosed, the introduction of the statutory minimum distribution ratio ("legal quote") in the Swiss group business resulted in a one-off charge on net income of CHF 89 million (after taxes).

Due to a change in accounting policy relating to the valuation differences on the insurance business with discretionary participation, a liability for discretionary participation was set up as at 1 January 2004. The liability relating to the Swiss group business was measured using the statutory minimum distribution ratio ("legal quote") on these valuation differences. The one-off charge due to the introduction of the statutory minimum distribution ratio ("legal quote") was therefore reflected in retained earnings as at 1 January 2004 for restatement purposes.

26 Events after the Balance Sheet Date

On 3 August 2005, the payment of CHF 4 per registered Swiss Life Holding share from the reduction in par value as approved by the General Meeting of Swiss Life Holding on 10 May 2005 was effected. Following the reduction in par value from CHF 50 to CHF 46 per registered share, the share capital of Swiss Life Holding was reduced by CHF 135 million, from CHF 1689 million to CHF 1554 million.

On 18 July 2005, the Swiss Life Group announced the completion of the sale of the accident and health business of its «La Suisse» subsidiary to Helsana. On 11 August 2005, the completion of the sale of the motor insurance business and property and liability lines to Vaudoise was announced. The Swiss Life Group took over the group life business of Vaudoise.

27 Changes in the Scope of Consolidation

	Segment	Consolidation period	Group share	Direct share	Method of consolidation	Currency	Authorised share capital in 1000
Acquisitions and set-ups							
Gottardo Gestión, SGIIC, Madrid	Banking	from 07.02.2005	100.0%	100.0%	full	EUR	825
Livolsi e Associati Private, Lugano	-	from 10.05.2005	40.0%	40.0%	equity	CHF	1 000
Swiss Life Beteiligungs-GmbH & Co. Grundstücksverwaltung KG, München	Insurance	from 10.06.2005	100.0%	100.0%	full	EUR	50
Swiss Life Cooperations, München	Insurance	from 27.01.2005	100.0%	100.0%	full	EUR	100
Swiss Life Investment Management Holding, Zürich	Investment Management	from 06.04.2005	100.0%	100.0%	full	CHF	50 000
Swiss Life (Liechtenstein) Services, Vaduz	Insurance	from 15.04.2005	100.0%	100.0%	full	CHF	100
Swiss Life (Liechtenstein) Services, Vaduz, Zweigniederlassung Zürich	Insurance	from 11.05.2005	100.0%	100.0%	full	-	-
Swiss Life Property Management, Zürich	Investment Management	from 24.03.2005	93.3%	100.0%	full	CHF	250
Swiss Life Real Estate Management Holding, Zürich	Investment Management	from 17.06.2005	93.3%	93.3%	full	CHF	13 473
Transfer from associates							
Swiss Life Partner AG, München	Insurance	on 18.05.2005	52.4%	52.4%	full	EUR	7 000
Disposals							
Gottardo A.E.P.E.Y., Athens	Banking	until 22.04.2005	-	-	full	EUR	1 600
Swiss Life Immo-Commerce (Belgium), Bruxelles	Insurance	until 25.02.2005	-	-	full	EUR	9 965
Partial disposals							
Swiss Life Assurances de Biens, Paris	Insurance		88.6%	88.6%	full	EUR	110 850
Swiss Life Banque, Paris	Banking		55.0%	55.0%	full	EUR	20 000

Additional Information to the Financial Statements

As previously disclosed, the conversion rate for the pensions under the non-mandatory part of the BVG occupational pensions business (Swiss occupational plans) has been reduced by the Swiss Life Group from 7.2% to 5.835%. This reduction resulted in a release of insurance liabilities (after taxes) of CHF 253 million.

Due to a change in accounting policy relating to the valuation differences on the insurance business with discretionary participation, a liability for discretionary participation was set up as at 1 January 2004. The liability also covered the valuation differences on the insurance liabilities relating to the conversion rate for the pensions under the non-mandatory part of the BVG occupational pensions business. With the release of insurance liabilities (after taxes) of CHF 253 million, the liability for discretionary participation was increased accordingly. This increase of the liability for discretionary participation resulted in an expense which compensated the release of insurance liabilities.

As previously disclosed, the introduction of the statutory minimum distribution ratio ("legal quote") in the Swiss group business resulted in a one-off charge on gains/losses recognised directly in equity of CHF 197 million (after taxes) and a one-off charge on net income of CHF 89 million (after taxes).

Due to a change in accounting policy relating to the valuation differences on the insurance business with discretionary participation, a liability for discretionary participation was set up as at 1 January 2004. The liability relating to the Swiss group business was measured using the statutory minimum distribution ratio ("legal quote") on these valuation differences. The one-off charges due to the introduction of the statutory minimum distribution ratio ("legal quote") were therefore for restatement purposes reflected in gains/losses recognised directly in equity as at 1 January 2004 and in retained earnings as at 1 January 2004.

Gains/losses recognised directly in equity, net

In CHF million	2004 HY	
	as reported	restated
Balance as at 1 January	714	714
Change in accounting policy	-	-58
Balance as at 1 January restated	714	656
Impact of 'legal quote' regulation	-197	-
Change in gains/losses recognised directly in equity (net of one-off effects)	-245	-370
Balance as at 30 June	272	286

Retained earnings

In CHF million	2004 HY	
	as reported	restated
Balance as at 1 January	1 188	1 188
Change in accounting policy	-5	-129
Balance as at 1 January restated	1 183	1 059
Impact of reduction in BVG conversion rate	253	253
Impact of 'legal quote' regulation	-89	-
Impact of changes in valuation differences on reduction in BVG conversion rate (discretionary participation liability)	-	-253
Net result (net of one-off effects)	234	343
Net result	398	343
Balance as at 30 June	1 581	1 402

Review Report

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

According to your request, we have reviewed the condensed consolidated interim financial information (consolidated statement of income, consolidated balance sheet, consolidated statement of cash flow, consolidated statement of changes in equity and notes to the consolidated financial statements, pages 5 to 44) of Swiss Life Holding for the period ended 30 June 2005.

The condensed consolidated interim financial information is the responsibility of the Board of Directors. Our responsibility is to issue a report on the consolidated interim financial information based on our review.

Our review was conducted in accordance with Swiss Auditing Standard 910 and with International Standards on Review Engagements (ISRE) 2400, which require that a review be planned and performed to obtain moderate assurance about whether the condensed consolidated interim financial information is free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides 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 accompanying condensed consolidated interim financial information has not been properly prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers AG

Peter Lüssi Enrico Strozzi

Zurich, 2 September 2005

Important dates

Investors' and Media Conference
Presentation of 2005 results
28 March 2006

Annual General Meeting
9 May 2006

Contacts

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obtained from:

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**Caution regarding
forward-looking statements**

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

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

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