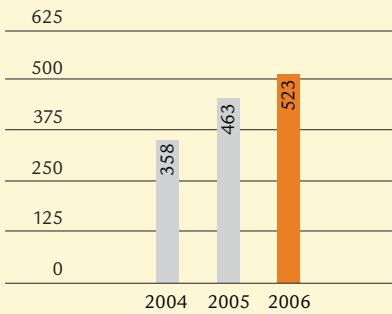




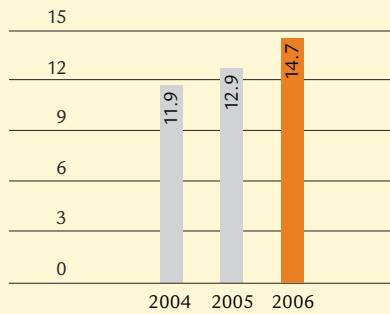
First-Half Financial Report 2006

Key Figures (unaudited)

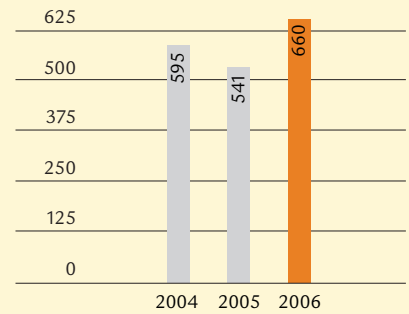
Net profit as at 30.6. CHF million



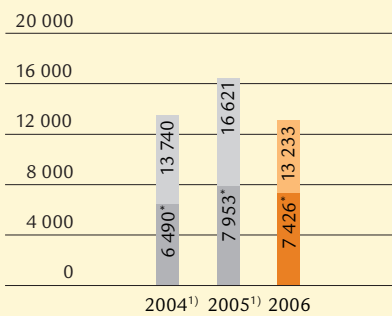
Diluted earnings per share as at 30.6. CHF



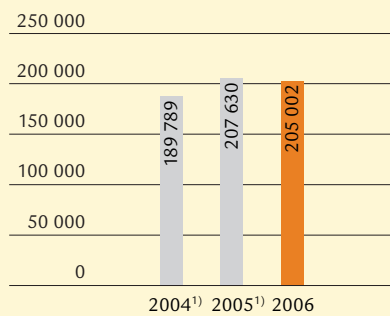
Profit from operations as at 30.6. CHF million



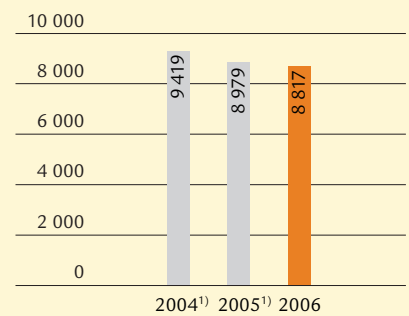
Core capital CHF million



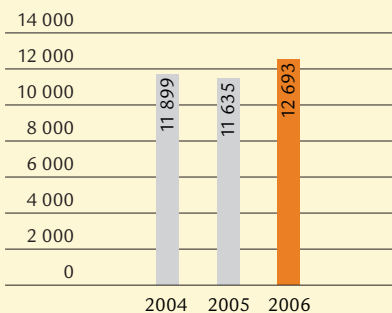
Assets under management CHF million



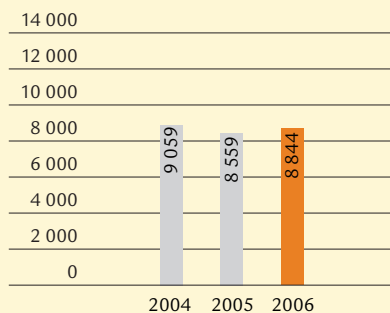
Employees (full-time equivalents)



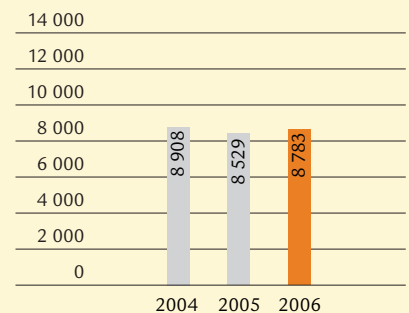
Gross written premiums, policy fees and deposits received as at 30.6. CHF million



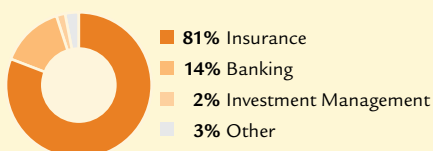
Net earned premiums and policy fees as at 30.6. CHF million



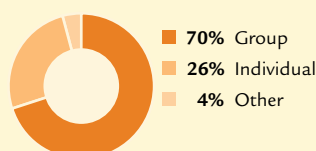
Net insurance benefits and claims as at 30.6. CHF million



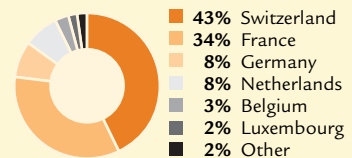
Segment result as at 30.6.



Direct written premiums by type of insurance as at 30.6.



Gross written premiums, policy fees and deposits received by country as at 30.6.



1) As at 31.12.
* Equity

Condensed Financial Statements

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Condensed Consolidated Statement of Income (unaudited)

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

In CHF million		2006 HY	2005 HY
	Notes		
Income			
Premiums earned on insurance contracts		8 677	8 244
Premiums earned on investment contracts with discretionary participation		69	225
Premiums ceded to reinsurers		-119	-113
Net earned premiums	5	8 627	8 356
Policy fees earned on insurance contracts		63	73
Policy fees earned on investment and unit-linked contracts	25	154	130
Policy fees earned	5	217	203
Asset management and other commission income	6, 25	246	214
Investment income	4, 6	2 652	2 572
Net gains/losses on financial assets	4, 6	177	1 128
Net gains/losses on financial instruments at fair value through profit or loss	4, 6	105	-667
Net gains/losses on investment property	4	69	-23
Other income	6	122	70
Total income		12 215	11 853
Expenses			
Benefits and claims under insurance contracts	25	-8 779	-8 358
Benefits and claims under investment contracts with discretionary participation	25	-73	-226
Benefits and claims recovered from reinsurers		69	55
Net insurance benefits and claims	6	-8 783	-8 529
Policyholder participation		-869	-870
Interest expense	6	-429	-385
Commission expense	6, 25	-558	-509
Employee benefits expense	6	-585	-652
Depreciation and amortisation expense		-203	-295
Impairment of property and equipment and intangible assets		0	0
Acquisition and origination costs deferred	13	252	273
Other expenses	6, 25	-380	-345
Total expenses		-11 555	-11 312
Profit from operations		660	541
Borrowing costs		-80	-95
Share of results of associates	4, 12	8	4
Profit before income tax		588	450
Income tax expense	7	-65	13
Net profit		523	463
<i>Net profit attributable to</i>			
equity holders of Swiss Life Holding		511	447
minority interest		12	16
Net profit		523	463
Basic earnings per share for the profit attributable to equity holders of Swiss Life Holding (in CHF)		15.26	13.35
Diluted earnings per share for the profit attributable to equity holders of Swiss Life Holding (in CHF)		14.72	12.93

Condensed Consolidated Balance Sheet (unaudited)

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Consolidated balance sheet

In CHF million		30.06.2006	31.12.2005
	Notes		
Assets			
Cash and cash equivalents		12 566	14 170
Insurance receivables and other receivables		4 651	4 175
Derivatives		1 578	777
Financial assets at fair value through profit or loss	8	27 062	23 653
Financial assets available for sale	9	83 149	80 031
Loans	10	27 874	30 280
Financial assets held to maturity	11	4 253	4 256
Financial assets pledged as collateral		35	1 232
Investment property		11 642	11 439
Investments in associates	12	82	76
Reinsurance assets	17	960	923
Property and equipment		1 140	1 263
Intangible assets including intangible insurance assets	13	3 518	3 075
Current income tax assets		16	53
Deferred income tax assets		101	79
Assets held for sale	22	13	1 409
Other assets		583	706
Total assets		179 223	177 597

Consolidated balance sheet

In CHF million		30.06.2006	31.12.2005
	Notes		
Liabilities and equity			
Liabilities			
Insurance payables and other payables		4 126	4 455
Derivatives		1 666	1 881
Financial liabilities at fair value through profit or loss	8, 25	7 593	6 830
Investment contracts	14, 25	26 712	24 629
Deposits	15, 25	7 518	6 419
Borrowings	16	5 267	4 388
Insurance liabilities	17, 25	108 854	106 541
Policyholder participation liabilities	25	5 716	8 082
Employee benefit liabilities	25	2 559	2 576
Current income tax liabilities		241	273
Deferred income tax liabilities		836	1 136
Provisions		226	212
Liabilities associated with assets held for sale	22	–	1 734
Other liabilities	25	483	488
Total liabilities		171 797	169 644
Equity			
Share capital		1 554	1 554
Share premium		2 441	2 467
Treasury shares		–55	–42
Foreign currency translation differences		1	–11
Gains/losses recognised directly in equity, net		218	1 185
Retained earnings		3 013	2 502
Total shareholders' equity		7 172	7 655
Minority interest		254	298
Total equity	20	7 426	7 953
Total liabilities and equity		179 223	177 597

Condensed Consolidated Statement of Cash Flow (unaudited)

8

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

In CHF million		2006 HY	2005 HY
	Notes		
Cash flow from operating activities			
Profit before income tax		588	450
Adjustments			
Net realised and unrealised gains (-)/losses (+)		-368	-253
Depreciation and amortisation expense		203	295
Impairment of property and equipment and intangible assets		0	0
Interest and bonuses credited to contract holders		550	426
Equity-settled share-based payments		2	2
Borrowing costs		80	95
Profit before income tax after adjustments		1 055	1 015
<i>Net cash flows from</i>			
derivatives		488	-195
financial instruments at fair value through profit or loss		-609	-764
financial assets available for sale		-7 736	-4 122
loans		2 526	436
financial assets held to maturity		40	-35
investment property		-61	-68
deferred acquisition and origination costs		-252	-273
reinsurance assets		-2	-2
investment contracts		579	1 442
deposits		1 202	883
insurance liabilities		826	848
other operating assets and liabilities		-229	-478
Cash generated from operations		-2 173	-1 313
Income taxes paid		-15	-91
Total net cash flow from operating activities		-2 188	-1 404
Cash flow from investing activities			
Purchases of investments in associates		-3	0
Sales of investments in associates		0	0
Purchases of property and equipment		-46	-86
Sales of property and equipment		20	6
Acquisitions of minority interest		-31	-
Cash received on sale of UK life business		-	289
Acquisitions of subsidiaries, net of cash and cash equivalents	21	-	2
Disposals of subsidiaries, net of cash and cash equivalents	21	121	18
Total net cash flow from investing activities		61	229
Balance carried forward to next page		-2 127	-1 175

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

In CHF million		2006 HY	2005 HY
	Notes		
Balance carried forward from previous page		-2 127	-1 175
Cash flow from financing activities			
Issuance of debt instruments		1 241	2 202
Repayment of Guaranteed Exchangeable Monetisations of Multiple Shares (GEMMS)		-	-870
Redemption of other debt instruments		-382	-615
Premiums paid/received for options on own shares		0	-1
Purchases of treasury shares		-84	-77
Sales of treasury shares		77	62
Capital contributions from minority interest		-	2
Borrowing costs paid		-66	-87
Dividends paid to minority interest		-8	-9
Total net cash flow from financing activities		778	607
Total change in cash and cash equivalents		-1 349	-568
Cash and cash equivalents as at 1 January		13 762	8 304
Effect of exchange rate differences		9	47
Total change in cash and cash equivalents		-1 349	-568
Cash and cash equivalents as at 30 June		12 422	7 783
Cash and cash equivalents as at 1 January		13 762	8 304
Cash and cash equivalents for the account and risk of the Swiss Life Group's customers	4	408	345
Total cash and cash equivalents as at 1 January		14 170	8 649
Cash and cash equivalents as at 30 June		12 422	7 783
Cash and cash equivalents for the account and risk of the Swiss Life Group's customers	4	144	411
Total cash and cash equivalents as at 30 June		12 566	8 194

Condensed Consolidated Statement of Changes in Equity (unaudited)

10

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

In CHF million

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

Consolidated statement of changes in equity for the half-year ended 30 June 2005

In CHF million									
	Share capital	Share premium	Treasury shares	Foreign currency translation differences	Gains/ losses recognised directly in equity, net	Retained earnings	Total shareholders' equity	Minority interest	Total equity
Balance as at 1 January	1 689	2 213	-38	-115	890	1 638	6 277	213	6 490
Changes in accounting policies	-	-	-	-	-	4	4	-	4
Balance as at 1 January restated	1 689	2 213	-38	-115	890	1 642	6 281	213	6 494
Changes in foreign currency translation differences	-	-	-	8	-	-	8	-4	4
Changes in gains/losses recognised directly in equity	-	-	-	-1	767	-	766	4	770
Disposals of subsidiaries	-	-	-	4	-2	-	2	43	45
Net profit	-	-	-	-	-	447	447	16	463
Total recognised income and expense for the period	-	-	-	11	765	447	1 223	59	1 282
Options on own shares	-	-1	-	-	-	-	-1	-	-1
Obligation to purchase own shares	-	0	-	-	-	-	0	-	0
Equity-settled share-based payments	-	2	-	-	-	-	2	-	2
Purchases of treasury shares	-	-	-77	-	-	-	-77	-	-77
Sales of treasury shares	-	-4	66	-	-	-	62	0	62
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	-104	1 655	2 089	7 490	263	7 753

Condensed Notes to the Consolidated Financial Statements (unaudited)

1 General Information

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

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

Reduction in par value At the General Meeting of Swiss Life Holding on 9 May 2006, a distribution in form

of a reduction in par value of CHF 5 per registered share was approved by the shareholders. The payout took place on 3 August 2006.

Conversion of convertible debt In the first half of 2006, convertible bonds were converted into 171 Swiss Life Holding (SLH) shares in total with a corresponding increase of share capital and share premium (2005: conversion into 260 SLH shares).

Foreign currency exchange rates

	30.06.2006	31.12.2005
1 EUR	1.5670	1.5550
1 GBP	2.2620	2.2640
1 USD	1.2330	1.3100

	Average 2006 HY	Average 2005 HY
1 EUR	1.5616	1.5465
1 GBP	2.2729	2.2548
1 USD	1.2712	1.2035

2 Summary of Significant Accounting Policies

The half-year financial statements are prepared in accordance with IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the financial statements for the year ended 31 December 2005 except for the changes in accounting policies as described below.

These interim financial statements should be read in conjunction with the 2005 annual financial statements.

Changes in accounting policies

In December 2004, the International Accounting Standards Board issued IFRIC Interpretation 4 Determining whether an Arrangement contains a Lease. The interpretation explains that the requirements of IAS 17 Leases have wider applicability than just those agreements described as leases. Elements of some supply and outsourcing agreements may need to be treated as leases. The Interpretation was adopted by the Swiss Life Group for annual periods beginning on 1 January 2006. One significant outsourcing agreement, comprising a large part of the back office and IT activities of Banca del Gottardo, was identified. This outsourcing agreement qualifies as an operating lease under the Interpretation.

In December 2004, an amendment to IAS 19 Employee Benefits, covering actuarial gains and losses, group plans and disclosures, was issued by the International Accounting Standards Board. The amendment introduces an additional recognition option for actuarial gains and losses arising in post-employment defined benefit plans. The amendment clarifies that a contractual agreement between a multi-employer plan and participating employers that determines how a surplus is to be distributed or a deficit funded will give rise to an asset or liability. The amendment also requires additional disclosures. The Swiss Life Group has adopted this amendment for annual periods beginning on 1 January 2006. No financial impact arose from the adoption of this amendment as the Swiss Life Group did not change the accounting policy for the recognition of actuarial gains and losses and does not participate in any multi-employer plans.

In April 2005, the International Accounting Standards Board issued an amendment to IAS 39 Financial Instruments: Recognition and Measurement covering the hedge accounting provisions. The foreign currency risk of a highly

probable forecast intragroup transaction can qualify as a hedged item in the consolidated financial statements. The amendment was adopted by the Swiss Life Group for annual periods beginning on 1 January 2006. No financial impact arose from the adoption of this amendment as the Swiss Life Group does not currently have any intragroup transactions that would qualify as a hedged item in the consolidated financial statements.

In June 2005, the International Accounting Standards Board issued an amendment to the fair value option in IAS 39 Financial Instruments: Recognition and Measurement. The amendment limits the use of the fair value option to those financial instruments that meet certain conditions. The Swiss Life Group adopted this amendment for annual periods beginning on 1 January 2006. No financial impact arose from the adoption of this amendment as the Group has been compliant with the amended criteria for the designation of financial instruments at fair value through profit or loss.

In August 2005, the International Accounting Standards Board issued an amendment to IAS 39 Financial Instruments: Recognition and Measurement dealing with requirements associated with financial guarantee contracts. The amendment is intended to ensure that issuers of financial guarantee contracts include the resulting liabilities in their balance sheet. The amendment was adopted by the Swiss Life Group for annual periods beginning on 1 January 2006. No financial impact arose from the adoption of this amendment as the Group has been compliant with the new requirements.

In December 2005, an amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates was issued by the International Accounting Standards Board. The amendment requires exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation to be recognised initially in a separate component of equity in the consolidated financial statements. This requirement applies irrespective of the currency of the monetary item and of whether the monetary item results from a transaction with the reporting entity or any of its subsidiaries. The amendment was adopted by the Swiss Life Group for annual periods beginning on 1 January 2006. No financial impact arose from the adoption of this amendment as the Group currently does not have monetary items that form part of a

2 Summary of Significant Accounting Policies (continued)

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net investment in a foreign operation with differences to be recognised in equity as required by the amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates.

In July 2006, IFRIC 10 Interim Financial Reporting and Impairment was issued by the International Accounting Standards Board. The interpretation addresses the conflict between the requirements of IAS 34 Interim Financial Reporting and those in other standards on the recognition and reversal in financial statements of impairment losses on goodwill and certain financial assets. IFRIC 10 states that any such impairment losses recognised in an interim financial statement must not be reversed in subsequent interim or annual financial statements. No financial impact arose from the adoption of this interpretation as the Group has already been compliant with IFRIC 10.

The following new standard and interpretations have been issued but are not effective for 2006 and have not been early adopted:

IFRIC 8 Scope of IFRS 2 addresses the issue of whether IFRS 2 applies to transactions in which the entity cannot identify specifically some or all of the goods or services received.

IFRIC 9 Reassessment of Embedded Derivatives comments on the issue of whether IAS 39 requires an assessment to separate any embedded derivatives from the host contract only when the entity first becomes a party to the contract or if an assessment has to be reconsidered throughout the life of the contract.

IFRS 7 Financial Instruments: Disclosures complements the principles for recognising, measuring and presenting financial assets and financial liabilities in IAS 32 Financial Instruments: Presentation and IAS 39 Financial Instruments: Recognition and Measurement.

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.

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

- The "Insurance" segment consists of life and non-life insurance operations. Life insurance operations offer a broad range of life, pension, annuity and investment-type policies to both groups and individuals, including accident, health and disability coverage. Non-life operations principally include property and casualty, liability and motor insurance. The Group's strategy focuses primarily on the life and pension business in a number of key European markets, such as Switzerland, France, Germany, the Netherlands, Belgium, Luxembourg and Liechtenstein. Non-life operations include operations in France, Belgium and Italy. The non-life operations in Switzerland («La Suisse») were sold in July 2005 (accident

& health business) and in August 2005 (motor insurance business and property and liability lines). 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 fulfil the critical thresholds for separate disclosure. The "Insurance" segment also includes a number of companies which hold investments primarily pertaining to life insurance.

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

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 2006

In CHF million	Insurance	Banking	Investment Management	Other	Eliminations	Total
Income						
Premiums earned on insurance contracts	8 677	–	–	–	0	8 677
Premiums earned on investment contracts with discretionary participation	69	–	–	–	–	69
Premiums ceded to reinsurers	–119	–	–	–	–	–119
Net earned premiums	8 627	–	–	–	0	8 627
Policy fees earned on insurance contracts	63	–	–	–	–	63
Policy fees earned on investment and unit-linked contracts	154	–	–	–	–	154
Policy fees earned	217	–	–	–	–	217
Asset management and other commission income	68	157	91	2	–72	246
Investment income	2 536	130	1	24	–39	2 652
Net gains/losses on financial assets	209	–34	–	2	–	177
Net gains/losses on financial instruments at fair value through profit or loss	83	21	–	1	0	105
Net gains/losses on investment property	69	–	–	–	–	69
Other income	13	115	1	–3	–4	122
Total income	11 822	389	93	26	–115	12 215
<i>of which inter-segment</i>	<i>47</i>	<i>–6</i>	<i>50</i>	<i>24</i>	<i>–115</i>	
Expenses						
Benefits and claims under insurance contracts	–8 779	–	–	–	–	–8 779
Benefits and claims under investment contracts with discretionary participation	–73	–	–	–	–	–73
Benefits and claims recovered from reinsurers	69	–	–	–	–	69
Net insurance benefits and claims	–8 783	–	–	–	–	–8 783
Policyholder participation	–869	–	–	–	–	–869
Interest expense	–378	–67	0	0	16	–429
Commission expense	–536	–26	–16	0	20	–558
Employee benefits expense	–428	–100	–37	0	–	–565
Depreciation and amortisation expense	–197	–6	0	–	–	–203
Impairment of property and equipment and intangible assets	0	–	–	–	–	0
Acquisition and origination costs deferred	252	–	–	–	–	252
Other expenses	–310	–92	–23	–3	53	–375
Total expenses	–11 249	–291	–76	–3	89	–11 530
<i>of which inter-segment</i>	<i>–49</i>	<i>–20</i>	<i>–19</i>	<i>–1</i>	<i>89</i>	
Segment result	573	98	17	23	–26	685
<i>of which inter-segment</i>	<i>–2</i>	<i>–26</i>	<i>31</i>	<i>23</i>	<i>–26</i>	
Unallocated corporate costs						–25
Profit from operations						660
Borrowing costs	–58	–23	0	–25	26	–80
Share of results of associates	4	1	–	3	–	8
Income tax expense						–65
Net profit						523

3 Segment Information (continued)

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

In CHF million	Insurance	Banking	Investment Management	Other	Eliminations	Total
Income						
Premiums earned on insurance contracts	8 244	-	-	-	0	8 244
Premiums earned on investment contracts with discretionary participation	225	-	-	-	-	225
Premiums ceded to reinsurers	-113	-	-	-	-	-113
Net earned premiums	8 356	-	-	-	0	8 356
Policy fees earned on insurance contracts	73	-	-	-	-	73
Policy fees earned on investment and unit-linked contracts	130	-	-	-	-	130
Policy fees earned	203	-	-	-	-	203
Asset management and other commission income	44	150	78	3	-61	214
Investment income	2 437	130	1	12	-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	-748	78	-	5	-2	-667
Net gains/losses on investment property	-23	-	-	-	-	-23
Other income	192	-118	-1	2	-5	70
Total income	11 523	307	78	21	-76	11 853
<i>of which inter-segment</i>	<i>-29</i>	<i>55</i>	<i>40</i>	<i>10</i>	<i>-76</i>	
Expenses						
Benefits and claims under insurance contracts	-8 359	-	-	-	1	-8 358
Benefits and claims under investment contracts with discretionary participation	-226	-	-	-	-	-226
Benefits and claims recovered from reinsurers	55	-	-	-	-	55
Net insurance benefits and claims	-8 530	-	-	-	1	-8 529
Policyholder participation	-870	-	-	-	0	-870
Interest expense	-354	-33	0	0	2	-385
Commission expense	-495	-20	-12	0	18	-509
Employee benefits expense	-502	-104	-28	0	-1	-635
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	-299	-63	-16	-2	46	-334
Total expenses	-11 061	-231	-56	-2	66	-11 284
<i>of which inter-segment</i>	<i>-47</i>	<i>-2</i>	<i>-13</i>	<i>-4</i>	<i>66</i>	
Segment result	462	76	22	19	-10	569
<i>of which inter-segment</i>	<i>-76</i>	<i>53</i>	<i>27</i>	<i>6</i>	<i>-10</i>	
Unallocated corporate costs						-28
Profit from operations						541
Borrowing costs	-55	-26	0	-24	10	-95
Share of results of associates	1	0	0	3	-	4
Income tax expense						13
Net profit						463

3 Segment Information (continued)

Balance sheet as at 30 June 2006

In CHF million	Insurance	Banking	Investment Management	Other	Eliminations	Total
Assets						
Cash and cash equivalents	10 861	2 414	46	1 000	-1 755	12 566
Insurance receivables and other receivables	4 470	212	56	49	-136	4 651
Derivatives	1 306	276	-	12	-16	1 578
Financial assets at fair value through profit or loss	24 488	2 574	-	-	-	27 062
Financial assets available for sale	82 027	1 081	21	20	-	83 149
Loans	23 042	5 151	8	695	-1 022	27 874
Financial assets held to maturity	4 201	43	9	-	-	4 253
Financial assets pledged as collateral	-	35	-	-	-	35
Investment property	11 642	-	-	-	-	11 642
Reinsurance assets	960	-	-	-	-	960
Property and equipment	997	139	4	-	-	1 140
Intangible assets including intangible insurance assets	3 105	413	0	-	-	3 518
Assets held for sale	1	12	-	-	-	13
Other assets	572	319	55	7	-370	583
Segment assets	167 672	12 669	199	1 783	-3 299	179 024
Investments in associates						82
Income tax assets						117
Total assets						179 223
Liabilities and equity						
Liabilities						
Insurance payables and other payables	3 967	227	21	27	-116	4 126
Derivatives	1 370	309	-	3	-16	1 666
Financial liabilities at fair value through profit or loss	6 881	712	-	-	-	7 593
Investment contracts	26 712	-	-	-	-	26 712
Deposits	1 831	7 419	-	-	-1 732	7 518
Insurance liabilities	109 209	-	-	-	-355	108 854
Policyholder participation liabilities	5 718	-	-	-	-2	5 716
Employee benefit liabilities	2 181	313	65	-	-	2 559
Provisions	158	60	8	-	-	226
Liabilities associated with assets held for sale	-	-	-	-	-	-
Other liabilities	464	30	1	22	-34	483
Segment liabilities	158 491	9 070	95	52	-2 255	165 453
Borrowings						5 267
Income tax liabilities						1 077
Equity						7 426
Total liabilities and equity						179 223

3 Segment Information (continued)

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

In CHF million	Switzer-land	France	Germany	Nether-lands	Belgium	Luxem-bourg	Other	Elimi-nations	Total
Income									
Premiums earned on insurance contracts	5 280	1 478	945	781	170	21	11	-9	8 677
Premiums earned on investment contracts with discretionary participation	60	9	-	-	-	-	-	-	69
Premiums ceded to reinsurers	-7	-66	-37	-6	-7	-2	-3	9	-119
Net earned premiums	5 333	1 421	908	775	163	19	8	0	8 627
Policy fees earned on insurance contracts	3	32	0	27	1	-	-	-	63
Policy fees earned on investment and unit-linked contracts	8	131	3	-	7	4	1	-	154
Policy fees earned	11	163	3	27	8	4	1	-	217
Asset management and other commission income	18	21	14	14	2	-	-	-1	68
Investment income	1 133	629	365	318	72	13	6	0	2 536
Net gains/losses on financial assets	18	22	76	85	9	1	-2	-	209
Net gains/losses on financial instruments at fair value through profit or loss	29	21	-9	40	3	0	-1	-	83
Net gains/losses on investment property	45	25	-4	5	-2	-	-	-	69
Other income	6	7	-6	0	8	-2	1	-1	13
Total income	6 593	2 309	1 347	1 264	263	35	13	-2	11 822
<i>of which inter-subsegment</i>	<i>8</i>	<i>-2</i>	<i>0</i>	<i>-2</i>	<i>0</i>	<i>-1</i>	<i>-1</i>	<i>-2</i>	
Expenses									
Benefits and claims under insurance contracts	-5 605	-1 100	-936	-950	-167	-12	-9	0	-8 779
Benefits and claims under investment contracts with discretionary participation	-65	-8	-	-	-	-	-	-	-73
Benefits and claims recovered from reinsurers	7	24	35	-	2	0	1	0	69
Net insurance benefits and claims	-5 663	-1 084	-901	-950	-165	-12	-8	0	-8 783
Policyholder participation	-282	-261	-251	-74	-2	0	-	1	-869
Interest expense	-49	-275	-9	-5	-34	-6	0	0	-378
Commission expense	-59	-325	-86	-38	-24	-3	-1	0	-536
Employee benefits expense	-180	-119	-55	-43	-24	-4	-3	-	-428
Depreciation and amortisation expense	-3	-137	-33	-20	-4	0	0	-	-197
Impairment of property and equipment and intangible assets	-	-	0	-	-	-	-	-	0
Acquisition and origination costs deferred	37	126	52	20	16	1	0	-	252
Other expenses	-129	-102	-24	-29	-21	-3	-3	1	-310
Total expenses	-6 328	-2 177	-1 307	-1 139	-258	-27	-15	2	-11 249
<i>of which inter-subsegment</i>	<i>-2</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>-2</i>	<i>2</i>	
Insurance segment result by country	265	132	40	125	5	8	-2	-	573
<i>of which inter-subsegment</i>	<i>6</i>	<i>-1</i>	<i>0</i>	<i>-2</i>	<i>0</i>	<i>0</i>	<i>-3</i>	<i>-</i>	

3 Segment Information (continued)

Statement of income “Insurance” segment for the half-year ended 30 June 2005

In CHF million	Switzer-land	France	Germany	Nether-lands	Belgium	Luxem-bourg	Other	Elimi-nations	Total
Income									
Premiums earned on insurance contracts	5 136	1 378	860	702	147	18	11	-8	8 244
Premiums earned on investment contracts with discretionary participation	218	7	-	-	-	-	-	-	225
Premiums ceded to reinsurers	-22	-53	-30	-7	-5	-2	-2	8	-113
Net earned premiums	5 332	1 332	830	695	142	16	9	0	8 356
Policy fees earned on insurance contracts	6	34	-	33	0	-	-	-	73
Policy fees earned on investment and unit-linked contracts	11	107	3	-	7	2	0	-	130
Policy fees earned	17	141	3	33	7	2	0	-	203
Asset management and other commission income	21	8	0	12	1	0	-	2	44
Investment income	1 067	630	373	281	71	13	6	-4	2 437
Net gains/losses on financial assets	880	25	32	89	33	3	0	-	1 062
Net gains/losses on financial instruments at fair value through profit or loss	-730	53	-85	9	5	0	-	-	-748
Net gains/losses on investment property	-16	0	-6	0	-1	-	-	-	-23
Other income	168	2	13	3	7	-1	0	0	192
Total income	6 739	2 191	1 160	1 122	265	33	15	-2	11 523
<i>of which inter-subsegment</i>	<i>9</i>	<i>-1</i>	<i>0</i>	<i>-2</i>	<i>-1</i>	<i>-2</i>	<i>-1</i>	<i>-2</i>	
Expenses									
Benefits and claims under insurance contracts	-5 351	-1 085	-925	-834	-142	-10	-13	1	-8 359
Benefits and claims under investment contracts with discretionary participation	-225	-1	-	-	-	-	-	-	-226
Benefits and claims recovered from reinsurers	5	16	31	0	2	0	2	-1	55
Net insurance benefits and claims	-5 571	-1 070	-894	-834	-140	-10	-11	0	-8 530
Policyholder participation	-404	-322	-34	-105	-2	-3	-	0	-870
Interest expense	-53	-243	-15	-8	-29	-6	0	0	-354
Commission expense	-67	-274	-96	-34	-20	-2	-1	-1	-495
Employee benefits expense	-264	-116	-46	-45	-24	-3	-4	-	-502
Depreciation and amortisation expense	-34	-142	-85	-20	-2	-1	0	-	-284
Impairment of property and equipment and intangible assets	-	-	0	-	-	-	-	-	0
Acquisition and origination costs deferred	57	134	53	18	10	1	-	-	273
Other expenses	-131	-101	-20	-27	-14	-2	-3	-1	-299
Total expenses	-6 467	-2 134	-1 137	-1 055	-221	-26	-19	-2	-11 061
<i>of which inter-subsegment</i>	<i>-3</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>1</i>	<i>0</i>	<i>1</i>	<i>-2</i>	
Insurance segment result by country									
	272	57	23	67	44	7	-4	-4	462
<i>of which inter-subsegment</i>	<i>6</i>	<i>0</i>	<i>1</i>	<i>-1</i>	<i>0</i>	<i>-2</i>	<i>0</i>	<i>-4</i>	

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

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

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

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

In CHF million	30.06.2006	31.12.2005
Cash and cash equivalents	144	408
Derivatives	3	2
Financial assets at fair value through profit or loss		
Debt instruments	3 097	1 970
Equity securities	2 472	1 967
Investment fund units	6 260	6 036
Other	386	323
Investment property	8	4
Total assets for the account and risk of the Swiss Life Group's customers	12 370	10 710

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

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

Financial result

In CHF million	2006 HY	2005 HY	2006 HY	2005 HY	2006 HY	2005 HY
	For the account and risk of the Swiss Life Group	For the account and risk of the Swiss Life Group	For the account and risk of the Swiss Life Group's customers	For the account and risk of the Swiss Life Group's customers	Total	Total
Investment income	2 652	2 572	–	–	2 652	2 572
Net gains/losses on financial assets	177	1 128	–	–	177	1 128
Net gains/losses on financial instruments at fair value through profit or loss	57	–780	48	113	105	–667
Net gains/losses on investment property	64	–22	5	–1	69	–23
Share of results of associates	8	4	–	–	8	4
Financial result	2 958	2 902	53	112	3 011	3 014

5 Premiums, Policy Fees Earned and Deposits Received

Written premiums

In CHF million	2006 HY	2005 HY
Direct	8 659	8 513
Assumed	138	104
Gross written premiums	8 797	8 617
Ceded	-118	-123
Net written premiums	8 679	8 494

Earned premiums

In CHF million	2006 HY	2005 HY
Direct	8 617	8 366
Assumed	129	103
Gross earned premiums	8 746	8 469
Ceded	-119	-113
Net earned premiums	8 627	8 356

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

In CHF million	2006 HY	2005 HY
Net earned premiums	8 627	8 356
Policy fees earned	217	203
Deposits received under insurance and investment contracts	3 676	2 815
Net earned premiums, policy fees and deposits received	12 520	11 374
Gross written premiums, policy fees and deposits received	12 693	11 635

6 Details of Certain Items in the Consolidated Statement of Income

Asset management and other commission income

In CHF million	2006 HY	2005 HY
Fiduciary and portfolio management fees	134	121
Brokerage commissions	44	41
Other commissions and fees	68	52
Total asset management and other commission income	246	214

Investment income

In CHF million	2006 HY	2005 HY
Interest income on financial assets held to maturity and available for sale	1 568	1 600
Interest income on loans	534	555
Other interest income	155	56
Dividend income on financial assets available for sale	138	106
Net income on investment property	257	255
Total investment income	2 652	2 572

Net gains/losses on financial assets

In CHF million	2006 HY	2005 HY
<i>Sale of</i>		
financial assets held to maturity	1	0
financial assets available for sale	278	589
loans	-9	0
Net gains/losses from sales	270	589
<i>Impairment losses on</i>		
financial assets held to maturity	-	-
financial assets available for sale	-12	-36
loans	-26	-11
Impairment losses on financial assets	-38	-47
Foreign currency gains/losses	-55	586
Total net gains/losses on financial assets	177	1 128

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

In CHF million	2006 HY	2005 HY
<i>Fair value gains/losses on</i>		
interest rate instruments	267	50
equity instruments	85	558
liabilities designated as at fair value through profit or loss	-15	-67
liabilities for the account and risk of customers (unit-linked)	4	-270
foreign currency instruments and other	-236	-938
Total net gains/losses on financial instruments at fair value through profit or loss	105	-667

Other income

In CHF million	2006 HY	2005 HY
Realised gains/losses on sales of subsidiaries and other assets	62	7
Other foreign currency gains/losses	66	32
Other	-6	31
Total other income	122	70

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

Net insurance benefits and claims

In CHF million	2006 HY	2005 HY
<i>Net benefits and claims under insurance contracts</i>		
Life benefits and claims	6 173	7 223
Change in future life policyholder benefits	2 352	770
Non-life claims	185	310
<i>Benefits and claims under investment contracts with discretionary participation</i>		
Life benefits and claims	61	242
Change in future life policyholder benefits	12	-16
Total net insurance benefits and claims	8 783	8 529

Interest expense

In CHF million	2006 HY	2005 HY
Interest expense on deposits	66	53
Interest expense on investment contract deposits	259	227
Interest expense on insurance contract deposits	93	94
Other interest expense	11	11
Total interest expense	429	385

Commission expense

In CHF million	2006 HY	2005 HY
Insurance agent and broker commissions	461	418
Asset management and banking commissions	41	30
Other commissions and fees	56	61
Total commission expense	558	509

Employee benefits expense

In CHF million		2006 HY	2005 HY
	Notes		
Wages and salaries		395	430
Social security		83	87
Defined benefit plans	18	84	104
Defined contribution plans		1	3
Other employee benefits		22	28
Total employee benefits expense		585	652

Other expenses

In CHF million	2006 HY	2005 HY
Marketing and advertising	29	31
Information technology and systems	59	70
Rental, maintenance and repair expenses	48	67
Professional services	126	84
Other	118	93
Total other expenses	380	345

7 Income Taxes

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Income tax expense

In CHF million	2006 HY	2005 HY
Current tax expense		
Current tax of the current period	141	76
Adjustments for current tax of prior periods	-121	4
Total current tax expense	20	80
Deferred tax expense		
Origination and reversal of temporary differences	45	-94
Changes in tax rates	-	1
Total deferred tax expense	45	-93
Total income tax expense	65	-13

Based on a ruling by the Dutch tax administration, the Swiss Life Group was able to reduce the current tax liability by CHF 124 million in the first half of 2006. The reduction relates to an adjustment for current tax of prior periods.

Due to a change in French tax legislation in 2005 with regard to taxation of shareholdings, tax expenses were reduced by CHF 62 million for the first six months of 2005.

In the first six months of 2005, 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 in the first half of 2005.

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

In CHF million	30.06.06	31.12.05	30.06.06	31.12.05	30.06.06	31.12.05
	Held for trading	Held for trading	Designated as at fair value through profit or loss	Designated as at fair value through profit or loss	Total	Total
Financial assets at fair value through profit or loss						
Debt securities	1 058	956	3 462	3 724	4 520	4 680
Money market instruments	–	–	–	–	–	–
Equity securities	1 306	518	4 444	3 114	5 750	3 632
Investment fund units – debt	0	–	1 349	1 451	1 349	1 451
Investment fund units – equity	0	–	1 616	2 826	1 616	2 826
Investment fund units – mixed	0	–	1 085	100	1 085	100
Private equity	–	0	–	75	–	75
Hedge funds	–	–	255	247	255	247
Assets for the account and risk of the Swiss Life Group's customers	–	–	12 215	10 296	12 215	10 296
Other	190	264	82	82	272	346
Total financial assets at fair value through profit or loss	2 554	1 738	24 508	21 915	27 062	23 653
<i>Assets pledged that can be sold or repledged by transferee</i>	35	813	–	–	35	813
Financial liabilities at fair value through profit or loss						
Debt instruments	494	374	–	–	494	374
Equity instruments	161	242	–	–	161	242
Liabilities for the account and risk of the Swiss Life Group's customers	–	–	5 576	4 957	5 576	4 957
Other	–	6	1 362	1 251	1 362	1 257
Total financial liabilities at fair value through profit or loss	655	622	6 938	6 208	7 593	6 830

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	30.06.06	31.12.05	30.06.06	31.12.05	30.06.06	31.12.05
	Cost/ amortised cost	Cost/ amortised cost	Net unrealised gains/losses	Net unrealised gains/losses	Fair value (carrying amount)	Fair value (carrying amount)
Debt securities	73 178	66 112	554	4 721	73 732	70 833
Money market instruments	9	38	–	–	9	38
Equity securities	3 450	3 199	640	788	4 090	3 987
Investment fund units – debt	51	25	1	1	52	26
Investment fund units – equity	57	33	3	2	60	35
Investment fund units – mixed	281	304	8	5	289	309
Private equity	89	108	28	31	117	139
Hedge funds	4 240	3 923	353	293	4 593	4 216
Other	174	423	33	25	207	448
Total financial assets available for sale, net of impairment	81 529	74 165	1 620	5 866	83 149	80 031
<i>Assets pledged that can be sold or repledged by transferee</i>	–	407	–	12	–	419

Based on detailed assessments with regard to indications of impairment, impairment losses totalling CHF 12 million were recognised in the period under review (HY 2005: CHF 36 million). The impairment losses in the first half of 2006 primarily related to equity securities (HY 2005: equity securities and hedge funds).

No held-to-maturity securities were transferred to the available-for-sale category and no available-for-sale securities

were transferred to the held-to-maturity category in the period under review.

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

10 Loans

In CHF million	30.06.06	31.12.05	30.06.06	31.12.05	30.06.06	31.12.05	30.06.06	31.12.05
	Gross amount	Gross amount	Allowance for loan losses	Allowance for loan losses	Carrying amount	Carrying amount	Fair value	Fair value
Mortgages	8 547	8 663	–61	–52	8 486	8 611	8 505	8 682
Policy loans	806	860	–	–	806	860	819	880
Other originated loans	8 905	9 539	–146	–134	8 759	9 405	8 844	9 587
Purchased loans	9 381	9 116	–	–	9 381	9 116	9 670	10 118
Repurchase agreements	442	2 288	–	–	442	2 288	442	2 288
Total loans	28 081	30 466	–207	–186	27 874	30 280	28 280	31 555

11 Financial Assets Held to Maturity

In CHF million	30.06.06	31.12.05	30.06.06	31.12.05	30.06.06	31.12.05
	Cost/ amortised cost (carrying amount)	Cost/ amortised cost (carrying amount)	Net unrecognised gains/losses	Net unrecognised gains/losses	Fair value	Fair value
Debt securities	4 228	4 230	121	276	4 349	4 506
Money market instruments	18	19	-	-	18	19
Other	7	7	-	-	7	7
Total financial assets held to maturity, net of impairment	4 253	4 256	121	276	4 374	4 532
<i>Assets pledged that can be sold or repledged by transferee</i>	-	-	-	-	-	-

12 Investments in Associates

In CHF million	2006 HY	2005 YE
Balance as at 1 January	76	58
Additions	3	20
Reduction due to majority ownership	-	-1
Disposals and transfers to assets held for sale	0	0
Share of results	8	3
Share of amounts recognised directly in equity	0	0
Dividends paid	-5	-4
Foreign currency translation differences	0	0
Balance at end of period	82	76

13 Intangible Assets

Intangible assets including intangible insurance assets for the half-year ended 30 June 2006

In CHF million	Goodwill	Present value of future profits (PVP)	Deferred acquisition costs (DAC)	Deferred origination costs (DOC)	Customer relationships	Other intangible assets	Total
Cost							
Balance as at 1 January	1 431	125	5 178	251	15	184	7 184
Additions	-	-	233	19	-	2	254
Additions from business combinations	-	-	-	-	-	-	-
Additions from internal development	-	-	-	-	-	0	0
Disposals and write-offs	-1	-20	-1 704	0	-	-4	-1 729
Transfers to assets held for sale	-	-	-	-	-	-	-
Foreign currency translation effects	-	0	35	2	1	-1	37
Balance as at 30 June	1 430	105	3 742	272	16	181	5 746
Accumulated amortisation and impairment							
Balance as at 1 January	-739	-108	-3 101	-28	-5	-128	-4 109
Amortisation recognised in income	-	-1	-158	-9	-2	-6	-176
Effect of gains/losses recognised directly in equity	-	0	349	-	-	-	349
Impairment losses	-	0	0	-	-	-	0
Reversal of impairment losses	-	-	-	-	-	-	-
Disposals and write-offs	1	20	1 704	0	-	4	1 729
Transfers to assets held for sale	-	-	-	-	-	-	-
Foreign currency translation effects	-	0	-21	0	-1	1	-21
Balance as at 30 June	-738	-89	-1 227	-37	-8	-129	-2 228
Total intangible assets as at 30 June	692	16	2 515	235	8	52	3 518

13 Intangible Assets (continued)

Intangible assets including intangible insurance assets for the year ended 31 December 2005

In CHF million	Goodwill	Present value of future profits (PVP)	Deferred acquisition costs (DAC)	Deferred origination costs (DOC)	Customer relationships	Other intangible assets	Total
Cost							
Balance as at 1 January	2 500	65	4 706	212	15	181	7 679
Adoption of IFRS 3	-794	-	-	-	-	-	-794
Balance as at 1 January restated	1 706	65	4 706	212	15	181	6 885
Additions	-	60	538	34	-	16	648
Additions from business combinations	-	-	-	-	-	0	0
Disposals and write-offs	-	-	-92	-	-	-16	-108
Transfers to assets held for sale	-275	-	-	-	-	0	-275
Foreign currency translation effects	0	0	26	5	0	3	34
Balance as at 31 December	1 431	125	5 178	251	15	184	7 184
Accumulated amortisation and impairment							
Balance as at 1 January	-1 699	-50	-2 400	-10	-3	-110	-4 272
Adoption of IFRS 3	798	-	-	-	-	-	798
Balance as at 1 January restated	-901	-50	-2 400	-10	-3	-110	-3 474
Amortisation recognised in income	-	-16	-621	-14	-3	-20	-674
Effect of gains/losses recognised directly in equity	-	3	-126	-	-	-	-123
Impairment losses	-66	-46	-4	-	-	-1	-117
Disposals and write-offs	-	-	63	-	-	5	68
Transfers to assets held for sale	228	-	-	-	-	0	228
Foreign currency translation effects	0	1	-13	-4	1	-2	-17
Balance as at 31 December	-739	-108	-3 101	-28	-5	-128	-4 109
Total intangible assets as at 31 December	692	17	2 077	223	10	56	3 075

Goodwill Due to the adoption of IFRS 3 Business Combinations, negative goodwill totalling CHF 4 million was derecognised with a corresponding adjustment to

retained earnings as at 1 January 2005. Additionally, accumulated amortisation of goodwill totalling CHF 798 million was eliminated as at 1 January 2005.

In CHF million	30.06.2006	31.12.2005	30.06.2006	31.12.2005
	Banca del Gottardo	Banca del Gottardo	Lloyd Continental	Lloyd Continental
Net carrying amount of goodwill	405	405	287	287
Impairment losses	-	66	-	-

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

The impairment test performed in 2005 on the goodwill relating to Banca del Gottardo (Monaco) has resulted in an impairment loss totalling CHF 66 million.

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

13 Intangible Assets (continued)

contracts, primarily relate to contracts acquired in Germany and France.

On 11 August 2005, the Swiss Life Group announced the completion of the purchase of the Vaudoise group life insurance portfolio. This purchase led to a present value of future profits associated with short-duration contracts amounting to CHF 45 million which was fully impaired in 2005.

In November 2005, the Swiss Life Group joined forces with a large employee benefits institution in Germany, a joint collaboration with IG Metall and Gesamtmetall offering occupational disability insurance (MetallRente). The present value of future profits arising from the acquisition of this insurance portfolio amounted to CHF 15 million.

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

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

Customer relationships Customer relationships relate to the acquisition of Oudart, an asset management group in France, in 2004.

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

14 Investment Contracts

Liabilities arising from investment contracts were as follows:

In CHF million	30.06.2006	31.12.2005
Investment contracts with discretionary participation at amortised cost	25 058	22 971
Investment contracts with discretionary participation with actuarial valuation	693	681
Investment contracts without discretionary participation at amortised cost	868	888
Investment contracts without discretionary participation at fair value through profit or loss	93	89
Total investment contracts	26 712	24 629
<i>of which for the account and risk of the Swiss Life Group's customers</i>	4 267	3 113

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

For traditional contracts in the life insurance business, future life policyholder 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. These amounts primarily relate to contracts issued in Switzerland and France.

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

15 Deposits

In CHF million	30.06.2006	31.12.2005
Policyholder deposits	1 177	1 106
Reinsurance deposits	654	614
Demand deposits	2 785	2 904
Savings deposits	429	433
Time deposits	2 473	1 362
Total deposits	7 518	6 419

16 Borrowings

In CHF million		30.06.2006	31.12.2005
	Notes		
Money market instruments		70	103
Repurchase agreements		1 133	976
Debentures and loans			
Hybrid debt	20	1 701	1 689
Convertible debt		274	269
Subordinated debt		132	130
Other debentures		476	470
Due to banks		1 468	735
Finance lease obligations		13	16
Total borrowings		5 267	4 388

Hybrid debt On 1 July 2005, Swiss Life/Rentenanstalt entered into a forward agreement providing for the refinancing as of 2009 of a portion of the hybrid debt facility issued in 1999 in the amount of CHF 150 million on a 20-year/10-year non call subordinated step-up loan basis.

On 16 November 2005, J.P. Morgan Bank Luxembourg S.A. issued on a fiduciary basis EUR 350 million fixed/floating rate subordinated perpetual notes at a price of 99.423% to fund a loan made by it to Swiss Life/Rentenanstalt. Swiss Life/Rentenanstalt may repay the loan in full on 16 November 2015 or on any interest payment date thereafter, upon notice and subject to the consent of the Federal Office of Private Insurance. The notes bear interest from

16 November 2005 to 16 November 2015 at a rate of 5% p.a. If the notes are not redeemed on 16 November 2015, the interest rate will be the aggregate of 2.43% and Euribor for 3-month deposits in euro.

Also in November 2005, a nominal EUR 200 million of the EUR 215 million fixed rate loan was repurchased in the market at a price of 102.22%.

Convertible debt In the period under review, convertible bonds were converted into 171 SLH shares (2005: 260 SLH shares) with a corresponding increase in share capital totalling CHF 7866 (2005: CHF 11 960) and an increase in share premium totalling CHF 22 266 (2005: CHF 33 885).

17 Insurance Liabilities and Reinsurance Assets

In CHF million	30.06.06	31.12.05	30.06.06	31.12.05	30.06.06	31.12.05
	Gross	Gross	Rein- surance assets	Rein- surance assets	Net	Net
Claims under non-life insurance contracts	1 384	1 386	239	239	1 145	1 147
Claims under life insurance contracts	7 368	7 887	133	133	7 235	7 754
Unearned premiums	253	197	3	4	250	193
Future life policyholder benefits	93 283	90 731	585	547	92 698	90 184
Deposits under insurance contracts	6 566	6 340	–	–	6 566	6 340
Total insurance liabilities and reinsurance assets	108 854	106 541	960	923	107 894	105 618
<i>of which for the account and risk of the Swiss Life Group's customers</i>						
Future life policyholder benefits	1 353	1 506				
Deposits under insurance contracts	417	280				

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 policyholder 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).

18 Employee Benefits

Amounts recognised in the consolidated balance sheet

In CHF million	30.06.2006	31.12.2005
Present value of wholly and partly funded obligations	-2 579	-2 554
Fair value of plan assets	410	302
Present value of unfunded obligations	-399	-383
Unrecognised actuarial gains (-)/losses (+)	191	209
Unrecognised past service cost	-8	-9
Net asset (+)/liability (-)	-2 385	-2 435
<i>The net asset/liability consists of</i>		
Gross defined benefit liabilities	-2 536	-2 558
Gross defined benefit assets	151	123

Amounts recognised in the consolidated statement of income

In CHF million	2006 HY	2005 HY
	Notes	
Current service cost	52	52
Interest cost	50	52
Employer contributions to purchases	-	0
Expected return on plan assets	-7	-3
Net actuarial gains (-)/losses (+)	1	6
Past service cost	0	0
Employee contributions	-5	-3
Effect of curtailments or settlements	-7	-
Total defined benefit expense	84	104

19 Equity

	2006 HY	2005 YE
Number of shares		
Shares issued		
Balance as at 1 January	33 776 078	33 775 818
Issuance of shares	-	-
Reduction in shares	-	-
Conversion of convertible debt	171	260
Balance at end of period	33 776 249	33 776 078
Treasury shares		
Balance as at 1 January	261 713	2 237 059
Conversion of MCS	-	-1 978 005
Purchases of treasury shares	320 692	718 685
Sales of treasury shares	-282 410	-716 026
Balance at end of period	299 995	261 713

In the period under review, convertible bonds were converted into 171 SLH shares (2005: 260 SLH shares) with a corresponding increase in share capital totalling

CHF 7866 (2005: CHF 11 960) and an increase in share premium totalling CHF 22 266 (2005: CHF 33 885).

20 Core Capital

36

In CHF million		30.06.2006	31.12.2005
	Notes		
Equity		7 426	7 953
Hybrid capital instruments	16	1 701	1 689
Deferred Group-related funds		4 106	6 979
Total core capital		13 233	16 621

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

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

21 Acquisitions and Disposals of Subsidiaries

Assets and liabilities from acquisitions and disposals

In CHF million	2006 HY	2005 HY	2006 HY	2005 HY
	Acquisitions	Acquisitions	Disposals	Disposals
Cash and cash equivalents	–	2	141	0
Insurance receivables and other receivables	–	1	36	7
Derivatives (assets)	–	–	19	–
Financial assets at fair value through profit or loss	–	–	0	–
Financial assets available for sale	–	–	219	–
Loans	–	–	1 774	4
Financial assets held to maturity	–	–	0	–
Investment property	–	–	79	3
Investments in associates	–	–	0	–
Property and equipment	–	0	7	0
Intangible assets	–	0	47	–
Other assets	–	–	1	0
Insurance payables and other payables	–	–1	–32	–2
Derivatives (liabilities)	–	–	–8	–
Deposits	–	–	–1 474	–
Borrowings	–	–	–548	–
Provisions	–	–	–21	–
Other liabilities	–	0	–38	0
Minority interest	–	–1	1	0
Net assets acquired/net assets disposed of	–	1	203	12
Transfer from/to associates	–	1	–	–
Gains/losses recognised directly in equity	–	–	0	–
Foreign currency translation differences	–	–	4	0
Gain (+)/loss (–) on disposals			55	6
Cash used for acquisitions (–)/received from disposals (+)	–	0	262	18
Consideration not yet received in cash			–	–
Payment in kind			–	–
Total purchase consideration/disposal consideration	–	0	262	18
Cash used for acquisitions (–)/received from disposals (+)	–	0	262	18
Cash and cash equivalents acquired (+)/disposed of (–)	–	2	–141	0
Net cash outflow (–)/inflow (+) from acquisitions/disposals	–	2	121	18

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

In January 2006, Dreieck Industrie Leasing was sold. The sales price amounted to CHF 97 million and the gain realised on the sale was CHF 27 million. Additionally, a real estate company in Belgium and a service company in Switzerland were sold. The sales prices of these transactions amounted to CHF 19 million in total. The gain realised on the sales amounted to CHF 5 million.

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 24.1% of the shares of Swiss Life Partner AG, Munich, including 2.5% acquired in the first six months of 2005.

22 Assets Held for Sale and Associated Liabilities

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Assets held for sale and associated liabilities as at 30 June 2006

In CHF million	Disposal groups	Non-current assets	Total
Assets held for sale	–	13	13
Liabilities associated with assets held for sale	–	–	–

Assets held for sale and associated liabilities as at 31 December 2005

In CHF million	Disposal groups	Non-current assets	Total
Assets held for sale	1 395	14	1 409
Liabilities associated with assets held for sale	1 734	–	1 734

In November 2005, the Swiss Life Group announced the sale of Banca del Gottardo (Monaco). The sale was approved by the regulator and was effective in the first half of 2006. In January 2006, the Swiss Life Group announced the sale of Dreieck Industrie Leasing which was also effective in the first six months of 2006. The group of

assets to be disposed of and the liabilities directly associated with those assets (disposal group) were presented separately in the balance sheet as at 31 December 2005 under assets held for sale and liabilities associated with assets held for sale.

23 Assets under Management

In CHF million	30.06.2006	31.12.2005
On-balance-sheet assets		
Cash and cash equivalents	12 566	14 170
Derivatives	1 578	777
Financial assets at fair value through profit or loss	27 062	23 653
Debt securities available for sale	73 732	70 833
Money market instruments available for sale	9	38
Equity securities available for sale	4 090	3 987
Investment funds available for sale	401	370
Private equity available for sale	117	139
Hedge funds available for sale	4 593	4 216
Other financial assets available for sale	207	448
Loans	27 874	30 280
Financial assets held to maturity	4 253	4 256
Financial assets pledged as collateral	35	1 232
Investment property	11 642	11 439
Investments in associates	82	76
Total on-balance-sheet assets	168 241	165 914
Plus fair value adjustments of assets reported at amortised cost		
Financial assets held to maturity	121	276
Loans	406	1 275
Minus externally managed on-balance-sheet assets		
Assets under unit-linked business	-2 540	-1 548
Externally managed alternative investments	-5 115	-5 246
Externally managed other assets	-699	-670
Total on-balance-sheet assets managed by the enterprise	160 414	160 001
Third-party off-balance-sheet assets	44 588	47 629
Total assets under management	205 002	207 630

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 the 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 Contingencies

In CHF million	30.06.2006	31.12.2005
Guarantees and letters of credit	437	415
Documentary credits	35	40
Commitments to extend credit	232	316
Capital commitments	283	138
Private equity commitments	58	92
Operating lease commitments	120	91
Other contingencies and commitments	35	17
Total	1 200	1 109

Guarantees and letters of credit 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.

With the sale of the life business in the UK in 2004, 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 217 million (excluding private equity) as at 30 June 2006 (31 December 2005: CHF 86 million). Contractual obligations to purchase or construct investment property amounted to CHF 66 million as at 30 June 2006 (31 December 2005: CHF 52 million). Commitments for the acquisition of property and equipment amounted to CHF 0.1 million as at 30 June 2006 (31 December 2005: CHF 0.1 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.

Other contingencies and commitments Contractual obligations for repairs and maintenance of investment property amounted to CHF 35 million as at 30 June 2006, which are included in this line item (31 December 2005: CHF 17 million).

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

Reclassifications in the statement of income for the half-year ended 30 June 2005

In CHF million	as disclosed	Reclas- sification	reclassified
Policy fees earned on investment and unit-linked contracts	-	130	
Policy fees earned on investment and unit-linked contracts			130
Fee income	344	-130	
Asset management and other commission income			214
Insurance benefits, claims and claims settlement costs	-8 584	226	
Benefits and claims under insurance contracts			-8 358
Benefits and claims under investment contracts with discretionary participation	-	-226	
Benefits and claims under investment contracts with discretionary participation			-226
Commission expense	-492	-17	
Commission expense			-509
Other expenses	-362	17	
Other expenses			-345

Reclassifications in the balance sheet as at 31 December 2005

In CHF million	as disclosed	Reclas- sification	reclassified
Financial liabilities at fair value through profit or loss	6 919	-89	
Financial liabilities at fair value through profit or loss			6 830
Investment contracts with discretionary participation	23 652	977	
Investment contracts			24 629
Investment contracts and deposits at amortised cost	7 307	-888	
Deposits			6 419
Insurance liabilities	106 909	-368	
Insurance liabilities			106 541
Discretionary participation liabilities	7 714	368	
Policyholder participation liabilities			8 082
Defined benefit liabilities	2 558	18	
Employee benefit liabilities			2 576
Other liabilities	506	-18	
Other liabilities			488

25 Reclassifications in the Consolidated Statement of Income and Consolidated Balance Sheet (continued)

In order to present policy fees earned on investment and unit-linked contracts separately, policy fees earned on investment and unit-linked contracts totalling CHF 130 million, which were previously included in fee income, are now presented in a separate line item.

Benefits and claims under investment contracts with discretionary participation totalling CHF 226 million which were previously carried under insurance benefits, claims and claims settlement costs are now presented separately.

Certain expenses totalling CHF 17 million relating to asset management were reclassified from other expenses to commission expense.

In order to present liabilities arising from investment contracts separately, financial liabilities at fair value

through profit or loss amounting to CHF 89 million and liabilities measured at amortised cost amounting to CHF 888 million were reclassified to investment contracts.

Non-discretionary policyholder bonuses and other liabilities totalling CHF 368 million were reclassified from insurance liabilities to policyholder participation liabilities in order to present policyholder participation liabilities separately.

In order to present employee benefit liabilities separately, liabilities relating to other long-term employee benefits amounting to CHF 18 million were reclassified from other liabilities to employee benefit liabilities.

These reclassifications were also reflected in the consolidated statement of cash flow for the half-year ended 30 June 2005.

26 Events after the Balance Sheet Date

In August 2006, the Swiss Life Group announced the sale of its Italian insurance subsidiaries. Subject to regulatory

approval, the transaction is expected to be effective in the fourth quarter of 2006.

27 Changes in the Scope of Consolidation

	Segment	Consolidation period	Group share	Direct share	Method of consolidation	Currency	Authorised share capital in 1000
Set-ups							
Alpine Services Ltd., Nassau	Banking	from 01.01.2006	100.0%	100.0%	full	USD	10
Swiss Life International Holding AG, Zürich	Other	from 12.06.2006	100.0%	100.0%	full	CHF	1 000
Disposals							
Adamant, Basel	-	until 29.03.2006	-	-	equity	CHF	250
Banque du Gothard (Monaco), Monaco	-	until 28.02.2006	-	-	full	EUR	40 000
Dreieck Equipment Leasing, Zürich	-	until 27.01.2006	-	-	full	CHF	100
Dreieck Industrie Leasing, Lausanne	-	until 27.01.2006	-	-	full	CHF	15 000
Gothard Gestion Monaco, Monaco	-	until 28.02.2006	-	-	full	EUR	160
Gottim Sam, Monaco	-	until 28.02.2006	-	-	full	EUR	150
Kuhn & Seal, Nyon	-	until 23.01.2006	-	-	full	CHF	100
Pendia Associates, Zürich	-	until 23.01.2006	-	-	full	CHF	500
Swissville Europe (Belgium) SA, Bruxelles	-	until 25.01.2006	-	-	full	EUR	8 087

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 42) of Swiss Life Group for the period ended 30 June 2006.

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

Our review was conducted in accordance with the Swiss Auditing Standard 910 and with the International Standard on Review Engagements 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 the International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers AG

Peter Lüssi Daniel Häfeli

Zurich, 5 September 2006

Important dates

Investors' and Media Conference
Presentation of 2006 results
27 March 2007

Annual General Meeting
8 May 2007

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

**Caution regarding
forward-looking statements**

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

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

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