



SwissLife

First-Half Financial Report 2009

Condensed Financial Statements

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Condensed Consolidated Statement of Income (unaudited)

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

In CHF million	Notes	2009 HY	2008 HY
Continuing operations			
Income			
Premiums earned on insurance contracts		7 510	8 544
Premiums earned on investment contracts with discretionary participation		108	166
Premiums ceded to reinsurers		-110	-153
Net earned premiums	5	7 508	8 557
Policy fees earned on insurance contracts		25	26
Policy fees earned on investment and unit-linked contracts		86	100
Net earned policy fees	5	111	126
Commission income	6	450	350
Investment income	4, 6	2 148	2 400
Net gains/losses on financial assets	4, 6	441	-2 266
Net gains/losses on financial instruments at fair value through profit or loss	4, 6	-575	1 040
Net gains/losses on investment property	4	95	99
Other income	6	-4	112
Total income		10 174	10 418
Expenses			
Benefits and claims under insurance contracts		-7 357	-8 393
Benefits and claims under investment contracts with discretionary participation		-111	-166
Benefits and claims recovered from reinsurers		22	100
Net insurance benefits and claims	6	-7 446	-8 459
Policyholder participation		-651	-77
Interest expense	6	-180	-199
Commission expense	6	-476	-385
Employee benefits expense	6	-500	-477
Depreciation and amortisation expense	6	-313	-231
Impairment of property and equipment and intangible assets		0	-5
Other expenses	6	-357	-358
Total expenses		-9 923	-10 191
Profit from operations		251	227
Borrowing costs		-81	-93
Share of results of associates	4	6	8
Profit before income tax		176	142
Income tax expense	7	-4	10
Net profit from continuing operations		172	152
Discontinued operations			
Net result from discontinued operations	19	-33	1 485
Net profit		139	1 637
<i>Net profit attributable to</i>			
equity holders of Swiss Life Holding		142	1 638
non-controlling interests		-3	-1
Net profit		139	1 637
Earnings per share from continuing operations attributable to equity holders of Swiss Life Holding			
Basic earnings per share (in CHF)		5.64	4.65
Diluted earnings per share (in CHF)		5.62	4.62
Earnings per share attributable to equity holders of Swiss Life Holding			
Basic earnings per share (in CHF)		4.58	49.71
Diluted earnings per share (in CHF)		4.56	49.06

Condensed Consolidated Statement of Comprehensive Income (unaudited)

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

In CHF million	2009 HY	2008 HY
Net profit	139	1 637
Other comprehensive income		
Exchange differences on translating foreign operations	86	-105
Financial assets available for sale	-420	-2 494
Revaluation surplus on owner-occupied property transferred to investment property	-	8
Share of other comprehensive income of associates	0	0
Financial assets held for sale	-	158
Financial assets reclassified	111	-
Policyholder participation	20	485
Shadow accounting	83	142
Income tax relating to other comprehensive income	33	265
Net other comprehensive income	-87	-1 541
Total net comprehensive income	52	96
<i>Total net comprehensive income attributable to</i>		
Equity holders of Swiss Life Holding	53	99
Non-controlling interests	-1	-3
Total net comprehensive income	52	96

Condensed Consolidated Balance Sheet (unaudited)

Consolidated balance sheet

In CHF million	Notes	30.06.2009	31.12.2008
Assets			
Cash and cash equivalents		10 098	9 408
Derivatives		399	1 349
Assets held for sale		47	4
Financial assets at fair value through profit or loss	8	17 686	16 916
Financial assets available for sale	9	46 729	43 163
Loans and receivables	10	36 753	37 029
Financial assets held to maturity	11	6 745	7 159
Investment property		13 253	12 663
Investments in associates	12	71	437
Reinsurance assets	16	415	447
Property and equipment		712	802
Intangible assets including intangible insurance assets	13	4 789	4 651
Current income tax assets		13	11
Deferred income tax assets		112	97
Other assets		553	655
Total assets		138 375	134 791

Consolidated balance sheet

In CHF million	Notes	30.06.2009	31.12.2008
Liabilities and equity			
Liabilities			
Derivatives		388	346
Liabilities associated with assets held for sale		27	-
Financial liabilities at fair value through profit or loss	8	12 625	10 805
Investment contracts	14	11 649	11 135
Borrowings	15	3 128	3 123
Other financial liabilities		5 234	6 747
Insurance liabilities	16	93 491	91 024
Policyholder participation liabilities		1 713	1 422
Employee benefit liabilities	17	2 040	2 010
Current income tax liabilities		255	229
Deferred income tax liabilities		585	648
Provisions		79	93
Other liabilities		368	557
Total liabilities		131 582	128 139
Equity			
Share capital		596	596
Share premium		2 363	2 690
Treasury shares		-750	-1 167
Foreign currency translation differences		-111	-195
Gains/losses recognised directly in equity		-618	-445
Retained earnings		5 272	5 130
Total shareholders' equity		6 752	6 609
Non-controlling interests		41	43
Total equity		6 793	6 652
Total liabilities and equity		138 375	134 791

Condensed Consolidated Statement of Cash Flow (unaudited)

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

In CHF million	Notes	2009 HY	2008 HY
Total net cash flows from operating activities		593	1 734
Cash flows from investing activities			
Purchases of investments in associates		-1	-31
Sales of investments in associates		123	-
Dividends received from associates		5	9
Purchases of property and equipment		-18	-141
Sales of property and equipment		0	2
Purchases of computer software and other intangible assets		-3	-3
Acquisitions of non-controlling interests		-7	-
Acquisitions of subsidiaries, net of cash and cash equivalents	19	-13	-977
Disposals of subsidiaries, net of cash and cash equivalents		-	4 112
Total net cash flows from investing activities		86	2 971
Cash flows from financing activities			
Issuance of other debt instruments		2	28
Repurchase of debt instruments		-14	-
Redemption of debt instruments		-16	-521
Purchases of treasury shares		-94	-286
Sales of treasury shares		184	142
Borrowing costs paid		-99	-109
Dividends paid to non-controlling interests		0	-5
Total net cash flows from financing activities		-37	-751
Total change in cash and cash equivalents		642	3 954
Cash and cash equivalents as at 1 January		9 408	4 555
Classification as assets held for sale		0	-
Foreign currency translation differences		48	-17
Total change in cash and cash equivalents		642	3 954
Cash and cash equivalents as at end of period		10 098	8 492

Condensed Consolidated Statement of Changes in Equity (unaudited)

Consolidated statement of changes in equity for the half-year ended 30 June 2009

In CHF million	Share capital	Share premium	Treasury shares	Foreign currency translation differences	Gains/ losses recognised directly in equity	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
Balance as at 1 January	596	2 690	-1 167	-195	-445	5 130	6 609	43	6 652
Total net comprehensive income	-	-	-	84	-173	142	53	-1	52
Equity-settled share-based payments	-	0	-	-	-	-	0	0	0
Purchases of treasury shares	-	-	-94	-	-	-	-94	-	-94
Sales of treasury shares	-	-327	511	-	-	-	184	-	184
Acquisitions of subsidiaries	-	-	-	-	-	-	-	1	1
Acquisitions of non-controlling interests	-	-	-	-	-	-	-	-2	-2
Dividends	-	-	-	-	-	-	-	0	0
Balance as at end of period	596	2 363	-750	-111	-618	5 272	6 752	41	6 793

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

In CHF million	Share capital	Share premium	Treasury shares	Foreign currency translation differences	Gains/ losses recognised directly in equity	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
Balance as at 1 January	1 189	2 612	-618	123	-809	4 780	7 277	57	7 334
Total net comprehensive income	-	-	-	-102	-1 437	1 638	99	-3	96
Conversion of convertible debt	0	2	-	-	-	-	2	-	2
Obligation to purchase own shares	-	-12	-	-	-	-	-12	-	-12
Equity-settled share-based payments	-	6	-	-	-	-	6	-	6
Purchases of treasury shares	-	-	-286	-	-	-	-286	-	-286
Sales of treasury shares	-	-8	150	-	-	-	142	-	142
Disposals of subsidiaries	-	-	12	-	-	-	12	-17	-5
Acquisitions of subsidiaries	-	-	-	-	-	-	-	14	14
Dividends	-	-	-	-	-	-	-	-5	-5
Balance as at end of period	1 189	2 600	-742	21	-2 246	6 418	7 240	46	7 286

Condensed Notes to the Consolidated Financial Statements (unaudited)

1 General Information

The Swiss Life Group is one of Europe's leading providers of life insurance and pension solutions. In Switzerland, France and Germany, the Group offers individuals and corporations comprehensive advice and a broad range of products through its own sales force as well as brokers and banks. Swiss Life provides international corporations with employee benefits solutions from a single source, and is one of the global leaders in structured life and pension products for international high net worth individuals. The AWD Group has been part of the Swiss Life Group since 2008. Hanover-based AWD is one of the leading European financial services providers in the medium and high-income client segments and offers its clients personal and holistic financial planning in ten countries.

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 2008, except for the changes in accounting policies as described below.

These interim financial statements should be read in conjunction with the 2008 annual financial statements.

CHANGES IN ACCOUNTING POLICIES | In March 2007, the International Accounting Standards Board issued a revised IAS 23 Borrowing Costs which removes the option of immediately recognising as an expense borrowing costs relating to assets which take a substantial period of time to get ready for use or sale. The revised Standard applies to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009. The revised Standard does not impact the Swiss Life Group, as it was already the Group's accounting policy to capitalise borrowing costs directly attributable to the construction or acquisition of a qualifying asset as part of the cost of that asset.

In September 2007, the International Accounting Standards Board issued a revised version of IAS 1 Presentation of Financial Statements. The revised Standard gives preparers of financial statements the option of presenting income and expense items and components of other comprehensive income, either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). This enables readers to analyse changes in equity resulting from transactions with owners in their capacity as owners (such as dividends) separately from "non-owner" changes (such as transactions with third parties). The revised Standard came into effect for the annual periods beginning on 1 January 2009. The Swiss Life Group has elected to present two separate statements: a separate income statement and a statement of comprehensive income.

As part of the annual improvement project, the International Accounting Standards Board issued an amendment to IAS 40 Investment Property and a consequential amendment to IAS 16 Property, Plant and Equipment in May 2008. Property under construction or development for future use as investment property falls within the scope of IAS 40. As the Swiss Life Group applies the fair value model for investment property, such property is measured at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the date construction is completed or the date at which fair value becomes reliably measurable, whichever is earliest. The amendments apply for annual periods beginning on 1 January 2009. The adoption of this amendment led to a reclassification of property and equipment to investment property of CHF 92 million as at 1 January 2009.

2 Summary of Significant Accounting Policies (continued)

In March 2009, the International Accounting Standards Board clarified the accounting treatment for embedded derivatives when reclassifying financial instruments. The amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement require the assessment of all embedded derivatives on reclassification of a financial asset out of the “at fair value through profit or loss” category. If necessary, the embedded derivatives are accounted for separately. The amendments apply retrospectively for annual periods ending on or after 30 June 2009. As the Swiss Life Group has not reclassified any financial assets out of the “at fair value through profit or loss” category, the amendments are not currently relevant.

In March 2009, the International Accounting Standards Board issued amendments to IFRS 7 Financial Instruments: Disclosures. The amendments relate to enhanced disclosures about fair value measurements and liquidity risk. One of the main changes it involves is that existing IFRS 7 fair value disclosures should be made separately for each class of financial instruments. A three-level hierarchy for fair values is established: level 1 – quoted prices; level 2 – observable inputs to fair value measurements; and level 3 – unobservable inputs to fair value measurements. A maturity analysis should be made for derivative financial liabilities. The amendments are effective for annual periods beginning on or after 1 January 2009. However, an entity will not be required to provide comparative information in the first year of application. The Swiss Life Group will apply the new disclosure requirements for the first time in the financial statements covering the annual period 2009.

The following amendments to Standards and new Interpretations are mandatory for the first time for the financial year beginning on 1 January 2009, but are not currently relevant for the Swiss Life Group:

IFRIC 13 Customer Loyalty Programmes

IFRS 2 Share-based Payment – Amendment relating to vesting conditions and cancellations

IAS 1 Presentation of Financial Statements and IAS 32 Financial Instruments: Presentation – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation

IFRIC 15 Agreements for the construction of real estate

IFRIC 16 Hedges of a net investment in a foreign operation

Annual improvements to IFRS as published in May 2008, except for the amendment to IAS 40 Investment Property and IAS 16 Property, Plant and Equipment, described above.

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

FUNCTIONAL AND PRESENTATION CURRENCY | Items included in the Group’s financial statements are measured using the currency of the primary economic environment in which the Group’s entities operate (the “functional currency”). The consolidated financial statements are presented in millions of Swiss francs (CHF), which is the Group’s presentation currency.

2 Summary of Significant Accounting Policies (continued)

FOREIGN CURRENCY EXCHANGE RATES

	30.06.2009	31.12.2008	Average 2009 HY	Average 2008 HY
1 British pound (GBP)	1.7927	1.5413	1.6841	2.0745
1 Croatian kuna (HRK)	0.2099	0.2036	0.2043	0.2212
1 Czech koruna (CZK)	0.0588	0.0562	0.0557	0.0639
1 Euro (EUR)	1.5255	1.4915	1.5061	1.6060
100 Hungarian forint (HUF)	0.5598	0.5625	0.5220	0.6350
100 Polish zloty (PLN)	33.9600	35.9400	33.8170	46.0960
1 Romanian new leu (RON)	0.3629	0.3732	0.3574	0.4395
1 Singapore dollar (SGD)	0.7468	0.7345	0.7570	0.7569
1 Slovak koruna (SKK)	n. a.	0.0495	n. a.	0.0500
1 US dollar (USD)	1.0799	1.0608	1.1293	1.0506

3 Segment Information

Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by management in deciding how to allocate resources and in assessing performance.

The accounting policies for the segments are the same as those described in the Summary of Significant Accounting Policies section. Inter-segmental services and transfers of assets and liabilities are treated as if the transactions were with third parties, i.e. at market prices applicable at the time of the transaction.

Corporate costs were not allocated to the individual segments as they consist of general administrative expenses and head office expenses that relate to the Swiss Life Group as a whole.

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

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

3 Segment Information (continued)

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

Non-life operations involve operations in France and mainly include property and casualty, liability and motor insurance.

"Insurance Other" comprises insurance operations in Liechtenstein, Luxembourg, Singapore and Dubai, as well as payment protection insurance.

"Investment Management" refers to the management of assets for institutional clients and the Group's insurance business, as well as the provision of expert advice for such clients.

"AWD" comprises the Hanover-based AWD Group, which was acquired by the Swiss Life Group on 19 March 2008. The AWD Group specialises in personal and holistic financial planning for medium and high-income customer segments. The Proventus Group, which was acquired in November 2008, is also included in this segment.

"Other" refers principally to various finance and service companies.

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

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

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

3 Segment Information (continued)

Statement of income for the half-year ended 30 June 2009

In CHF million	Insurance Switzerland	Insurance France	Insurance Germany	Insurance Other	Investment Management
Income					
Premiums earned on insurance contracts	5 147	1 509	810	52	-
Premiums earned on investment contracts with discretionary participation	100	8	-	-	-
Premiums ceded to reinsurers	-6	-91	-3	-18	-
Net earned premiums	5 241	1 426	807	34	-
Policy fees earned on insurance contracts	7	18	-	-	-
Policy fees earned on investment and unit-linked contracts	8	40	6	32	-
Net earned policy fees	15	58	6	32	-
Commission income	21	29	14	1	118
Investment income	1 364	350	411	17	1
Net gains/losses on financial assets	481	-19	-20	0	0
Net gains/losses on financial instruments at fair value through profit or loss	-531	-20	-25	0	-
Net gains/losses on investment property	48	49	-2	-	-
Other income	-26	7	9	3	1
Total income	6 613	1 880	1 200	87	120
<i>of which inter-segment</i>	<i>21</i>	<i>0</i>	<i>2</i>	<i>-4</i>	<i>83</i>
Expenses					
Benefits and claims under insurance contracts	-5 427	-1 032	-876	-24	-
Benefits and claims under investment contracts with discretionary participation	-106	-5	-	-	-
Benefits and claims recovered from reinsurers	4	15	-2	7	-
Net insurance benefits and claims	-5 529	-1 022	-878	-17	-
Policyholder participation	-428	-114	-101	-8	-
Interest expense	-60	-104	-8	-10	0
Commission expense	-118	-160	-53	-15	-11
Employee benefits expense	-160	-124	-46	-23	-47
Depreciation and amortisation expense	-80	-149	-57	-4	0
Impairment of property and equipment and intangible assets	-	-	0	-	-
Other expenses	-45	-137	-26	-24	-27
Total expenses	-6 420	-1 810	-1 169	-101	-85
<i>of which inter-segment</i>	<i>-56</i>	<i>-6</i>	<i>-34</i>	<i>-11</i>	<i>-14</i>
Segment result	193	70	31	-14	35
<i>of which inter-segment</i>	<i>-35</i>	<i>-6</i>	<i>-32</i>	<i>-15</i>	<i>69</i>
Unallocated corporate costs					
Result from operations					
Borrowing costs	-84	0	-3	-3	-
Share of results of associates	1	4	0	0	-
Income tax expense					
Net result					

AWD	Other	Insurance (Discontinued)	Banking (Discontinued)	Eliminations	Total	Less: discontinued operations	Continuing operations
-	-	-	-	-8	7 510	-	7 510
-	-	-	-	-	108	-	108
-	-	-	-	8	-110	-	-110
-	-	-	-	0	7 508	-	7 508
-	-	-	-	-	25	-	25
-	-	-	-	-	86	-	86
-	-	-	-	-	111	-	111
383	4	-	-	-120	450	-	450
1	27	-	-	-23	2 148	-	2 148
-1	0	-	-	-	441	-	441
0	1	-	-	-	-575	-	-575
-	0	-	-	-	95	-	95
10	-3	-	-33	-5	-37	33	-4
393	29	-	-33	-148	10 141	33	10 174
25	21	-	-	-148			
-	-	-	-	2	-7 357	-	-7 357
-	-	-	-	-	-111	-	-111
-	-	-	-	-2	22	-	22
-	-	-	-	0	-7 446	-	-7 446
-	-	-	-	0	-651	-	-651
0	-1	-	-	3	-180	-	-180
-230	-2	-	-	113	-476	-	-476
-85	0	-	-	0	-485	-	-485
-23	0	-	-	-	-313	-	-313
-	-	-	-	-	0	-	0
-83	-7	-	-	9	-340	-	-340
-421	-10	-	-	125	-9 891	-	-9 891
0	-4	-	-	125			
-28	19	-	-33	-23	250	33	283
25	17	-	-	-23			
					-32	-	-32
					218	33	251
-	-14	-	-	23	-81	-	-81
-	1	-	-	-	6	-	6
					-4	-	-4
					139	33	172

3 Segment Information (continued)

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

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

First-Half Financial Report 2009
Condensed Financial Statements
Condensed Notes to the Consolidated Financial Statements (unaudited)

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

3 Segment Information (continued)

Balance sheet as at 30 June 2009

In CHF million	Insurance Switzerland	Insurance France	Insurance Germany
Assets			
Cash and cash equivalents	5 176	787	321
Derivatives	301	13	95
Assets held for sale	2	45	0
Financial assets at fair value through profit or loss	2 012	7 660	700
Financial assets available for sale	29 119	11 948	4 614
Loans and receivables	21 882	1 522	13 259
Financial assets held to maturity	4 677	1 999	66
Investment property	10 930	1 510	788
Reinsurance assets	30	328	41
Property and equipment	384	165	89
Intangible assets including intangible insurance assets	1 176	546	1 561
Other assets	572	19	-
Segment assets	76 261	26 542	21 534
Investments in associates			
Income tax assets			
Total assets			
Liabilities and equity			
Liabilities			
Derivatives	343	13	33
Liabilities associated with assets held for sale	-	27	-
Financial liabilities at fair value through profit or loss	1 067	1 450	345
Investment contracts	1 012	10 034	104
Other financial liabilities	2 970	1 370	630
Insurance liabilities	62 714	11 839	18 710
Policyholder participation liabilities	878	97	732
Employee benefit liabilities	1 874	42	44
Provisions	26	36	11
Other liabilities	253	25	0
Segment liabilities	71 137	24 933	20 609
Borrowings			
Income tax liabilities			
Equity			
Total liabilities and equity			

3 Segment Information (continued)

Balance sheet as at 31 December 2008

In CHF million	Insurance Switzerland	Insurance France	Insurance Germany
Assets			
Cash and cash equivalents	5 943	632	378
Derivatives	1 186	29	162
Assets held for sale	3	-	1
Financial assets at fair value through profit or loss	1 857	7 331	580
Financial assets available for sale	27 763	10 731	3 918
Loans and receivables	22 332	1 450	13 296
Financial assets held to maturity	4 586	2 495	78
Investment property	10 652	1 271	716
Reinsurance assets	30	361	44
Property and equipment	452	160	115
Intangible assets including intangible insurance assets	1 110	527	1 527
Other assets	656	31	0
Segment assets	76 570	25 018	20 815
Investments in associates			
Income tax assets			
Total assets			
Liabilities and equity			
Liabilities			
Derivatives	284	2	60
Liabilities associated with assets held for sale	-	-	-
Financial liabilities at fair value through profit or loss	1 047	1 078	288
Investment contracts	1 008	9 657	13
Other financial liabilities	4 228	1 701	691
Insurance liabilities	61 691	11 049	18 104
Policyholder participation liabilities	715	10	693
Employee benefit liabilities	1 847	37	44
Provisions	32	35	20
Other liabilities	401	16	-
Segment liabilities	71 253	23 585	19 913
Borrowings			
Income tax liabilities			
Equity			
Total liabilities and equity			

3 Segment Information (continued)

Premiums and policy fees from external customers

In CHF million	2009 HY	2008 HY	2009 HY	2008 HY
	Net earned premiums	Net earned premiums	Net earned policy fees	Net earned policy fees
Life				
Individual life	1 894	2 634	101	174
Group life	5 363	6 407	10	9
Total life	7 257	9 041	111	183
Non-life				
Accident and health	8	9	-	-
Property, casualty and other	243	284	-	-
Total non-life	251	293	-	-
Total	7 508	9 334	111	183

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

The assets relating to certain life insurance and investment contracts are managed for the account and risk of the Swiss Life Group's customers (separate account/unit-linked contracts, private placement life insurance). They are segregated and managed to meet specific investment objectives of the policyholders. The assets back the insurance liabilities and the financial liabilities arising from these contracts. The fair values of the liabilities reflect the fair values of the assets. Certain contracts with unit-linking features contain guaranteed minimum insurance benefits. The liabilities relating to this part are included in the insurance liabilities.

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

In CHF million	Notes	30.06.2009	31.12.2008
Cash and cash equivalents		2 491	1 287
Derivatives		9	6
Financial assets at fair value through profit or loss			
Debt instruments	8	3 950	3 120
Equity securities	8	1 480	805
Investment fund units	8	5 675	5 723
Other	8	614	1 484
Total assets for the account and risk of the Swiss Life Group's customers		14 219	12 425

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

In CHF million	Notes	30.06.2009	31.12.2008
Financial liabilities at fair value through profit or loss	8	11 174	9 727
Investment contracts	14	2 351	1 725
Insurance liabilities	16	712	952
Total liabilities for the account and risk of the Swiss Life Group's customers		14 237	12 404

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

In CHF million	2009 HY	2008 HY	2009 HY	2008 HY	2009 HY	2008 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	2 148	2 400	-	-	2 148	2 400
Net gains/losses on financial assets	441	-2 266	-	-	441	-2 266
Net gains/losses on financial instruments at fair value through profit or loss (FVPL)	-568	974	-7	66	-575	1 040
Net gains/losses on investment property	95	99	-	-	95	99
Share of results of associates	6	8	-	-	6	8
Financial result	2 122	1 215	-7	66	2 115	1 281
<i>The financial result for the account and risk of the Swiss Life Group's customers consists of</i>						
net gains/losses on financial assets at FVPL			-145	-1 119		
net gains/losses on financial liabilities at FVPL			138	1 185		

5 Premiums, Policy Fees and Deposits Received

Written premiums

In CHF million	2009 HY	2008 HY
Direct	7 539	8 176
Assumed	134	614
Gross written premiums	7 673	8 790
Ceded	-110	-152
Net written premiums	7 563	8 638

Earned premiums

In CHF million	2009 HY	2008 HY
Direct	7 494	8 121
Assumed	124	589
Gross earned premiums	7 618	8 710
Ceded	-110	-153
Net earned premiums	7 508	8 557

Written policy fees

In CHF million	2009 HY	2008 HY
Direct	111	128
Assumed	0	-
Gross written policy fees	111	128
Ceded	-	0
Net written policy fees	111	128

Earned policy fees

In CHF million	2009 HY	2008 HY
Direct	111	126
Assumed	0	-
Gross earned policy fees	111	126
Ceded	-	0
Net earned policy fees	111	126

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

In CHF million	2009 HY	2008 HY
Net earned premiums	7 508	8 557
Net earned policy fees	111	126
Deposits received under insurance and investment contracts	2 603	1 970
Net earned premiums, policy fees and deposits received	10 222	10 653
Gross written premiums, policy fees and deposits received	10 387	10 888

6 Details of Certain Items in the Consolidated Statement of Income

Commission income

In CHF million	2009 HY	2008 HY
Asset management commissions	40	48
Brokerage commissions	354	253
Fees earned on loans and deposits	0	1
Other commissions and fees	56	48
Total commission income	450	350

Investment income

In CHF million	2009 HY	2008 HY
Interest income on financial assets held to maturity and available for sale	894	1 271
Interest income on loans and receivables	886	443
Other interest income	12	76
Dividend income on financial assets available for sale	52	336
Net income on investment property	304	274
Total investment income	2 148	2 400

Net gains/losses on financial assets

In CHF million	2009 HY	2008 HY
<i>Sale of</i>		
financial assets available for sale	-37	-300
loans	-46	15
Net gains/losses from sales	-83	-285
<i>Impairment losses on</i>		
debt instruments available for sale	24	-
equity instruments available for sale	-137	-847
loans and receivables	-32	8
Impairment losses on financial assets	-145	-839
Foreign currency gains/losses	669	-1 142
Total net gains/losses on financial assets	441	-2 266

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

In CHF million	2009 HY	2008 HY
Net gains/losses on derivatives and financial instruments held for trading		
Interest rate instruments	63	10
Equity instruments	-137	309
Foreign currency and other instruments	-636	1 015
Total net gains/losses on derivatives and financial instruments held for trading	-710	1 334
Net gains/losses on financial instruments designated as at fair value through profit or loss		
Financial assets	12	-1 495
Financial liabilities	123	1 201
Total net gains/losses on financial instruments designated as at fair value through profit or loss	135	-294
Total net gains/losses on financial instruments at fair value through profit or loss	-575	1 040

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

Other income

In CHF million	2009 HY	2008 HY
Realised gains/losses on sales of subsidiaries and other assets	-6	1
Gains on repurchased hybrid debt	35	-
Other foreign currency gains/losses	-63	80
Other	30	31
Total other income	-4	112

Net insurance benefits and claims

In CHF million	2009 HY	2008 HY
Benefits and claims under insurance contracts		
Life benefits and claims paid, gross	5 919	8 352
Change in liability for future life policyholder benefits, gross	1 254	-147
Non-life claims paid, gross	179	171
Change in reserve for non-life claims, gross	5	17
Benefits and claims recovered from reinsurers	-22	-100
Net benefits and claims under insurance contracts	7 335	8 293
Benefits and claims under investment contracts with discretionary participation		
Life benefits and claims paid, gross	98	97
Change in liability for future life policyholder benefits, gross	13	69
Net benefits and claims under investment contracts with discretionary participation	111	166
Total net insurance benefits and claims	7 446	8 459

Interest expense

In CHF million	2009 HY	2008 HY
Interest expense on deposits	17	24
Interest expense on investment contracts	72	70
Interest expense on deposits under insurance contracts	67	74
Other interest expense	24	31
Total interest expense	180	199

Commission expense

In CHF million	2009 HY	2008 HY
Insurance agent and broker commissions	437	346
Asset management and banking commissions	21	23
Other commissions and fees	18	16
Total commission expense	476	385

Employee benefits expense

In CHF million	2009 HY	2008 HY
Wages and salaries	332	303
Social security	84	82
Defined benefit plans	60	58
Defined contribution plans	1	1
Other employee benefits	23	33
Total employee benefits expense	500	477

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

Depreciation and amortisation expense

In CHF million	2009 HY	2008 HY
Depreciation of property and equipment	25	22
Amortisation of present value of future profits (PVP)	0	0
Amortisation of deferred acquisition costs (DAC)	265	193
Amortisation of deferred origination costs (DOC)	1	1
Amortisation of other intangible assets	22	15
Total depreciation and amortisation expense	313	231

Other expenses

In CHF million	2009 HY	2008 HY
Marketing and advertising	55	54
Information technology and systems	49	47
Rental, maintenance and repair expenses	42	35
Professional services	92	107
Other	119	115
Total other expenses	357	358

7 Income Taxes

Income tax expense

In CHF million	2009 HY	2008 HY
Current income tax expense	51	-4
Deferred income tax expense	-47	-6
Total income tax expense	4	-10

Based on local tax legislation, the Swiss Life Group realised a tax benefit of CHF 47 million on income from lower-taxed properties and from dividends in the first half of 2009. Due to internal restructuring, the Swiss Life Group realised a tax benefit of CHF 61 million in the first half of 2008.

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

In CHF million	Notes	30.06.2009	31.12.2008
		Designated as at fair value through profit or loss	Designated as at fair value through profit or loss
Financial assets at fair value through profit or loss			
Debt securities		2 614	3 227
Equity securities		849	574
Investment fund units – debt		745	776
Investment fund units – equity		1 474	1 007
Investment fund units – mixed		72	36
Private equity		16	31
Hedge funds		195	132
Assets for the account and risk of the Swiss Life Group's customers	4	11 719	11 132
Other		2	1
Total financial assets at fair value through profit or loss		17 686	16 916
Financial liabilities at fair value through profit or loss			
Liabilities for the account and risk of the Swiss Life Group's customers	4	11 174	9 727
Share of net assets of investment funds attributable to minority unitholders		1 451	1 078
Total financial liabilities at fair value through profit or loss		12 625	10 805

9 Financial Assets Available for Sale

In CHF million	30.06.09	31.12.08	30.06.09	31.12.08	30.06.09	31.12.08
	Cost/ amortised cost	Cost/ amortised cost	Net unrealised gains/losses	Net unrealised gains/losses	Fair value (Carrying amount)	Fair value (Carrying amount)
Debt securities	43 699	39 091	-1 532	-917	42 167	38 174
Money market instruments	64	99	-	-	64	99
Equity securities	983	720	-16	-13	967	707
Investment fund units – debt	106	122	0	-4	106	118
Investment fund units – equity	619	699	15	-10	634	689
Investment fund units – mixed	284	286	15	6	299	292
Private equity	250	207	-3	-4	247	203
Hedge funds	1 954	2 748	289	130	2 243	2 878
Other	2	3	0	0	2	3
Total financial assets available for sale	47 961	43 975	-1 232	-812	46 729	43 163

10 Loans and Receivables

In CHF million	30.06.09	31.12.08	30.06.09	31.12.08	30.06.09	31.12.08
	Gross amount	Gross amount	Allowance for impairment losses	Allowance for impairment losses	Cost/amortised cost (carrying amount)	Cost/amortised cost (carrying amount)
Loans						
Mortgages	5 442	5 592	-26	-34	5 416	5 558
Policy loans	494	538	-	-	494	538
Other originated loans	1 189	1 449	-	-2	1 189	1 447
Purchased loans	11 355	10 895	-	-	11 355	10 895
Assets previously classified as available for sale	14 428	14 685	-68	-44	14 360	14 641
Total loans	32 908	33 159	-94	-80	32 814	33 079
Receivables						
Insurance receivables	1 569	1 265	-17	-17	1 552	1 248
Receivables from reinsurers	190	168	-	-	190	168
Investment contracts ceded to reinsurers	50	-	-	-	50	-
Accrued income	1 553	1 747	-	-	1 553	1 747
Other	594	788	0	-1	594	787
Total receivables	3 956	3 968	-17	-18	3 939	3 950
Total loans and receivables	36 864	37 127	-111	-98	36 753	37 029

11 Financial Assets Held to Maturity

In CHF million	30.06.09	31.12.08	30.06.09	31.12.08	30.06.09	31.12.08	30.06.09	31.12.08
	Gross amount	Gross amount	Allowance for impairment losses	Allowance for impairment losses	Cost/amortised cost (carrying amount)	Cost/amortised cost (carrying amount)	Fair value	Fair value
Debt securities	6 745	7 159	-	-	6 745	7 159	6 014	6 926
Other	-	-	-	-	-	-	-	-
Total financial assets held to maturity	6 745	7 159	-	-	6 745	7 159	6 014	6 926

12 Investments in Associates

In CHF million	2009 HY	2008 YE
Balance as at 1 January	437	72
Additions	1	530
Reduction due to loss of significant influence	-373	-
Share of results	6	10
Share of amounts recognised directly in equity	0	0
Impairment losses	-	-159
Dividends paid	-5	-9
Foreign currency translation differences	5	-7
Balance as at end of period	71	437

Goodwill relating to investments in associates is included in the carrying amount of investments in associates in accordance with IAS 28 Investment in Associates.

In May 2009, Aviga AG, Zurich, was founded.

In April 2009, 8.4% of the share in MLP, Wiesloch, was sold. The investment in MLP was thus reclassified to financial assets available for sale.

On 20 November 2008, the Swiss Life Group completed the acquisition of the 24.3% stake in MLP. The impairment losses of CHF 159 million in 2008 relate to MLP.

13 Intangible Assets including Intangible Insurance Assets

In CHF million	30.06.2009	31.12.2008
Intangible insurance assets	2 545	2 446
Other intangible assets	2 244	2 205
Total intangible assets	4 789	4 651

Intangible insurance assets

In CHF million	2009 HY	2008 YE	2009 HY	2008 YE	2009 HY	2008 YE	2009 HY	2008 YE
	Present value of future profits from acquired insurance portfolios (PVP)	Present value of future profits from acquired insurance portfolios (PVP)	Deferred acquisition costs (DAC)	Deferred acquisition costs (DAC)	Deferred origination costs (DOC)	Deferred origination costs (DOC)	Total	Total
Balance as at 1 January	21	24	2 417	2 612	8	8	2 446	2 644
Additions	–	–	239	534	2	3	241	537
Amortisation	0	–1	–265	–425	–1	–2	–266	–428
Impairment due to liability adequacy test	–	–	0	–	–	–	0	–
Effect of gains/losses recognised directly in equity	0	0	92	–151	–	–	92	–151
Classification as assets held for sale and other disposals	–	–	–1	–	–	–	–1	–
Foreign currency translation differences	0	–2	33	–153	0	–1	33	–156
Balance as at end of period	21	21	2 515	2 417	9	8	2 545	2 446

PRESENT VALUE OF FUTURE PROFITS (PVP) | The present value of future profits relates to portfolios of insurance contracts and investment contracts with discretionary participation acquired in a business combination or transfer of portfolios. These amounts, representing the present value of future profits amortised in proportion to gross profits over the effective life of the acquired insurance and investment contracts, relate to contracts acquired in Germany and France.

DEFERRED ACQUISITION COSTS (DAC) | Certain acquisition costs relating to new and renewed insurance contracts and investment contracts with discretionary participation are deferred.

DEFERRED ORIGINATION COSTS (DOC) | These costs are recoverable and are directly attributable to securing investment management contracts. They relate to contracts in Luxembourg.

13 Intangible Assets including Intangible Insurance Assets (continued)

Other intangible assets

In CHF million	2009 HY	2008 YE	2009 HY	2008 YE	2009 HY	2008 YE	2009 HY	2008 YE
	Goodwill	Goodwill	Customer relationships	Customer relationships	Brands and other	Brands and other	Total	Total
Cost								
Balance as at 1 January	1 890	599	368	60	253	134	2 511	793
Additions	-	-	-	-	4	10	4	10
Additions from business combinations	16	1 382	4	334	0	139	20	1 855
Classification as assets held for sale and other disposals	-	-	-	-	-2	-7	-2	-7
Foreign currency translation differences	29	-91	6	-26	6	-23	41	-140
Balance as at end of period	1 935	1 890	378	368	261	253	2 574	2 511
Accumulated amortisation and impairment								
Balance as at 1 January	-163	-163	-29	-2	-114	-121	-306	-286
Amortisation	-	-	-17	-27	-5	-13	-22	-40
Impairment losses	-	-	-	-	-	-	-	-
Classification as assets held for sale and other disposals	-	-	-	-	2	6	2	6
Foreign currency translation differences	-	-	-1	0	-3	14	-4	14
Balance as at end of period	-163	-163	-47	-29	-120	-114	-330	-306
Total other intangible assets as at end of period	1 772	1 727	331	339	141	139	2 244	2 205

GOODWILL | Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of identifiable assets, liabilities and contingent liabilities, if applicable, at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on associates is included in the carrying amount of the investment.

Goodwill of CHF 11 million was recognised on the acquisition of a financial advisory business in France in 2009.

In the period under review, the remaining 49.4% of the non-controlling interests of Cegema, France, were acquired, which led to additional goodwill of CHF 5 million.

Goodwill totalling CHF 79 million was recognised on the acquisition of Deutsche Proventus AG, Bremen, in 2008.

Goodwill totalling CHF 1303 million on the acquisition of AWD Holding AG, Hanover, was recognised in 2008. The cost that led to the recognition of goodwill concerns the anticipated future business of AWD.

Goodwill relating to Lloyd Continental and goodwill relating to "Other" have been allocated to the "Insurance France" segment. Goodwill relating to CapitalLeben has been allocated to the "Insurance Other" segment. Goodwill relating to the acquisitions of AWD Holding AG and Deutsche Proventus AG has been allocated to the "Insurance Switzerland", "Insurance Germany" and "AWD" segments.

13 Intangible Assets including Intangible Insurance Assets (continued)

The net carrying amount of goodwill totalling CHF 1772 million as at 30 June 2009 (31 December 2008: CHF 1727 million) relates to:

In CHF million	30.06.09	31.12.08	30.06.09	31.12.08	30.06.09	31.12.08
	Lloyd Continental	Lloyd Continental	CapitalLeben	CapitalLeben	Other	Other
Net carrying amount of goodwill	287	287	149	149	16	-
Impairment losses	-	-	-	-	-	-

In CHF million	30.06.09	31.12.08	30.06.09	31.12.08	30.06.09	31.12.08
	Insurance Switzerland	Insurance Switzerland	Insurance Germany	Insurance Germany	AWD	AWD
Net carrying amount of goodwill	81	81	323	316	916	894
Impairment losses	-	-	-	-	-	-

CUSTOMER RELATIONSHIPS | A customer relationship asset of CHF 4 million was recognised on the acquisition of a financial advisory business in France in 2009.

In 2008, the following acquisitions led to the recognition of customer relationship assets: On the acquisition of Deutsche Proventus AG, a customer relationship asset of CHF 8 million was recognised. On the acquisition of Fonds de Commerce Arpège, a customer relationship asset of CHF 9 million was recognised. The acquisition of AWD Holding AG, led to the recognition of a customer relationship asset of CHF 312 million. The acquisition of Placement Direct, France, led to a customer relationship asset amounting to CHF 5 million.

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

In 2008, the following acquisitions led to the recognition of brands and other intangible assets: On the acquisition of Deutsche Proventus AG, the brand name "Proventus" was recognised at CHF 6 million. The acquisition of AWD Holding AG, led to the recognition of the brand name "AWD" at CHF 120 million, which has an indefinite useful life, as well as of computer software of CHF 13 million. The brand names of "Proventus" and "AWD" are expected to generate cash inflows without legal or similar limits on an indefinite basis.

14 Investment Contracts

In CHF million	Notes	30.06.2009	31.12.2008
Investment contracts with discretionary participation with deposit accounting		10 140	9 686
Investment contracts with discretionary participation with actuarial valuation		818	802
Investment contracts without discretionary participation at amortised cost		443	355
Investment contracts without discretionary participation at fair value through profit or loss		248	292
Total investment contracts		11 649	11 135
<i>of which for the account and risk of the Swiss Life Group's customers</i>	4	2 351	1 725

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

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

In the case of traditional contracts in the life insurance business, future life policy benefit liabilities are determined by using the net-level-premium method on the basis of actuarial assumptions as to mortality, persistency, expenses and investment return, including a margin for adverse deviation. For participating contracts where the contribution principle applies to the allocation of the policyholder bonus, future life policy benefit liabilities are determined by using the net-level-premium method on the basis of appropriate mortality and interest rate assumptions. These amounts relate to contracts issued in Switzerland and France.

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

15 Borrowings

In CHF million	30.06.2009	31.12.2008
Money market instruments	13	27
Hybrid debt	2 687	2 677
Convertible debt	41	40
Bank loans	384	377
Finance lease obligations	3	2
Total borrowings	3 128	3 123

HYBRID DEBT | In the first half of 2009, hybrid debt was repurchased. The gain on the repurchase amounted to CHF 35 million and is included in other income.

CONVERTIBLE DEBT | On 10 June 2004, Swiss Life Holding issued CHF 317 million in 0.625% convertible bonds due in 2010. The bonds may be converted into registered shares of Swiss Life Holding at any time at the option of the holder. Bondholders exercising their conversion right are entitled to receive the number of shares equal to the principal amount of CHF 1000, divided by the original conversion price of CHF 209.625 (subject to adjustments, conversion price of CHF 200.20 effective from 29 July 2008).

Swiss Life Holding has the option of redeeming all outstanding bonds at their principal amount (together with unpaid accrued interest) at any time on or after 25 June 2007, provided that the closing price of the Swiss Life Holding share is at least 130% of the conversion price for 20 consecutive trading days. The early redemption at the option of Swiss Life Holding is subject to a period of 30 days' notice to the bondholders.

In the first half of 2009, no convertible bonds were converted into Swiss Life Holding shares (2008: 124 115 Swiss Life Holding shares with a corresponding increase in share capital totalling CHF 3 million and an increase in share premium of CHF 20 million).

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

BANK LOANS | On 25 July 2008, Swiss Life Insurance Finance Ltd entered into a EUR 500 million loan agreement with a syndicate of banks. The syndicated loan has a three-year maturity and is split into a EUR 200 million fully drawn loan bearing an interest rate of Euribor plus a margin of 0.70% and a EUR 300 million undrawn credit facility against a commitment fee of 0.225% p.a.

16 Insurance Liabilities and Reinsurance Assets

In CHF million	Notes	30.06.09	31.12.08	30.06.09	31.12.08	30.06.09	31.12.08
		Gross	Gross	Reinsurance assets	Reinsurance assets	Net	Net
Claims under non-life insurance contracts		1 201	1 181	241	220	960	961
Unearned premiums non-life		104	87	0	1	104	86
Claims under life insurance contracts		6 454	6 632	80	74	6 374	6 558
Future life policyholder benefits		79 853	77 831	93	151	79 760	77 680
Unearned premiums life		102	60	1	1	101	59
Deposits under insurance contracts		5 777	5 233	-	-	5 777	5 233
Total insurance liabilities and reinsurance assets		93 491	91 024	415	447	93 076	90 577
<i>of which for the account and risk of the Swiss Life Group's customers</i>	4	712	952	-	-	712	952

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 | Claims under life insurance contracts represent the liability for unpaid portions of claims incurred. It includes an estimate of the liability for claims incurred but not reported (IBNR). The measurement at reporting date is a best estimate of ultimate future claim payments.

UNEARNED PREMIUMS | Unearned premiums represent the portion of the premiums written relating to the unexpired terms of coverage.

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

The valuation of other long-duration contracts is also based on the net-level-premium method with actuarial assumptions as to mortality, persistency, expenses and investment returns, including provisions for adverse deviation.

DEPOSITS UNDER INSURANCE CONTRACTS | For investment-type contracts with significant insurance risk, savings premiums collected are reported as deposits (deposit accounting).

17 Employee Benefits

Amounts recognised in the consolidated balance sheet

In CHF million	30.06.2009	31.12.2008
Present value of wholly and partly funded obligations	-2 253	-2 218
Fair value of plan assets	285	268
Present value of unfunded obligations	-70	-74
Unrecognised actuarial gains (-)/losses (+)	174	165
Unrecognised past service cost	-	21
Net defined benefit asset (+)/liability (-)	-1 864	-1 838
<i>The net defined benefit asset/liability consists of</i>		
gross defined benefit liabilities	-2 032	-2 003
gross defined benefit assets	168	165
<i>Employee benefit liabilities consist of</i>		
gross defined benefit liabilities	-2 032	-2 003
other employee benefit liabilities	-8	-7
Total employee benefit liabilities	-2 040	-2 010
<i>Amount of insurance contracts not included in plan assets</i>	2 049	2 019

18 Equity

Number of shares

Number of shares	2009 HY	2008 YE
Shares issued		
Balance as at 1 January	35 084 554	34 960 439
Conversion of convertible debt	-	124 115
Balance as at end of period	35 084 554	35 084 554
Treasury shares		
Balance as at 1 January	4 619 466	2 153 802
Purchases of treasury shares	1 604 033	3 083 540
Sales of treasury shares	-2 990 819	-576 630
Disposals of subsidiaries	-	-41 246
Balance as at end of period	3 232 680	4 619 466

In the period under review, no convertible bonds were converted into Swiss Life Holding shares (2008: 124 115 Swiss Life Holding shares with a corresponding increase in share capital totalling CHF 3 million and an increase in share premium totalling CHF 20 million).

In 2008, 3 003 500 Swiss Life Holding shares were repurchased for CHF 686 million under the share buyback programme.

19 Acquisitions and Disposals of Subsidiaries

Assets and liabilities from acquisitions

In CHF million	2009 HY	2009 HY	2008 HY	2008 HY
	Fair value	Carrying amount in accordance with IFRS before combination	Fair value	Carrying amount in accordance with IFRS before combination
Cash and cash equivalents	2	2	287	287
Loans and receivables	2	2	191	191
Other financial assets	0	0	36	36
Property and equipment	0	0	81	81
Customer relationships and other intangible assets	4	0	445	13
Other assets	0	0	16	16
Other financial liabilities	-1	-1	-343	-343
Provisions	-	-	0	0
Deferred income tax liabilities	-1	-	-123	-3
Other liabilities	0	0	-166	-166
Net identifiable assets acquired	6	3	424	112
Cash used for acquisitions	15		1 516	
Direct costs relating to the acquisitions	-		12	
Non-cash consideration	-		182	
Total purchase consideration	15		1 710	
Net identifiable assets acquired	-6		-424	
Non-controlling interests	2		14	
Goodwill	11		1 300	
Consideration paid in cash	-15		-1 528	
Cash and cash equivalents acquired	2		287	
Net cash outflow from acquisitions	-13		-1 241¹	

¹ of which paid in 2007: CHF 264 million

In 2009, a financial advisory business in France was acquired by the Swiss Life Group. The purchase consideration amounted to CHF 15 million.

On 19 March 2008, 96.7% of the AWD Holding shares were acquired by the Swiss Life Group. The AWD Group specialises in personal and holistic financial planning and is one of Europe's top financial services providers for the medium and high-income customer segments. The acquisition cost amounted to CHF 1713 million (CHF 3 million in the second half of 2008).

19 Acquisitions and Disposals of Subsidiaries (continued)

Results from discontinued operations

In CHF million	2009 HY	2008 HY	2009 HY	2008 HY	2009 HY	2008 HY
	Insurance (Discontinued)	Insurance (Discontinued)	Banking (Discontinued)	Banking (Discontinued)	Total	Total
Income	-	1 164	-	103	-	1 267
Expenses	-	-1 095	-	-95	-	-1 190
Gain/loss on disposal of operations	-	1 034	-33	591	-33	1 625
Result before income tax	-	1 103	-33	599	-33	1 702
Income tax expense on result from ordinary activities from discontinued operations	-	-62	-	-3	-	-65
Income tax expense on the gain/loss on remeasurement to fair value less costs to sell/disposal of operations	-	-150	-	-2	-	-152
Net result from discontinued operations	-	891	-33	594	-33	1 485

In the period under review, a settlement payment of CHF 33 million was made with regard to the sale of Banca del Gottardo.

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

On 7 March 2008, Banca del Gottardo was disposed of for a total consideration of CHF 1724 million. The gain realised on the sale amounted to CHF 591 million. Banca del Gottardo's figures are presented in the separate segment "Banking (Discontinued)".

20 Assets under Management

In CHF million	30.06.2009	31.12.2008
On-balance-sheet assets		
Cash and cash equivalents	10 098	9 408
Derivatives	399	1 349
Financial assets at fair value through profit or loss	17 686	16 916
Debt securities available for sale	42 167	38 174
Money market instruments available for sale	64	99
Equity securities available for sale	967	707
Investment funds available for sale	1 039	1 099
Private equity available for sale	247	203
Hedge funds available for sale	2 243	2 878
Other financial assets available for sale	2	3
Loans	32 814	33 079
Financial assets held to maturity	6 745	7 159
Investment property	13 253	12 663
Investments in associates	71	437
Total on-balance-sheet assets	127 795	124 174
Fair value adjustments of assets reported at amortised cost		
Financial assets held to maturity	-731	-233
Loans	-557	-1 661
Third-party off-balance-sheet assets	12 849	12 046
Total assets under control	139 356	134 326
Minus externally managed on-balance-sheet assets		
Assets under unit-linked/private placement life insurance business	-10 036	-8 683
Externally managed alternative investments	-2 565	-3 122
Externally managed other assets	-818	-2 157
Total assets under management	125 937	120 364

Assets under control are taken to comprise:

- assets stated as investments in the balance sheet and cash and cash equivalents
- assets included in the balance sheet for the account and risk of the Swiss Life Group's customers (separate account/unit-linked investments, private placement life insurance)
- assets managed for third parties by the Group

For the purposes of determining assets under management, assets managed by third parties and alternative investments managed by third parties have been deducted from assets under control.

21 Events after the Reporting Period

As approved by the shareholders at the Annual General Meeting of Swiss Life Holding Ltd on 7 May 2009, a reduction in par value of CHF 5 per registered Swiss Life Holding share was effected in 2009. The payout took place on 27 July 2009. The Annual General Meeting of Shareholders of 7 May 2009 also authorised the Board of Directors to cancel the 3 003 500 Swiss Life Holding shares bought back through a second trading line as part of the share buy-back programme. Following the reduction in par value and the share cancellation, Swiss Life Holding's share capital stands at CHF 384 972 648.

The Swiss Life Group announced the sale of its French subsidiary L'Européenne d'Assurance Transport (CEAT) in June 2009. The transaction is expected to be completed in the second half of 2009.

Review Report

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

INTRODUCTION | We have reviewed the accompanying condensed financial statements (consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flow, consolidated statement of changes in equity and notes to the consolidated financial statements, pages 4 to 41) of Swiss Life Group for the period ended 30 June 2009. The Board of Directors is responsible for the preparation and presentation of these condensed financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed financial statements based on our review.

SCOPE OF REVIEW | We conducted our review in accordance with Swiss Auditing Standard 910 and International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Swiss Auditing Standards and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION | Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers AG

Peter Lüssi

Daniel Häfeli

Zurich, 25 August 2009

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

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Important dates

Interim Statement
11 November 2009

Investors' Day
15 December 2009

Annual General Meeting
6 May 2010
Hallenstadion Zurich

Financial publications

You can find all the Swiss Life Group financial publications on the internet at www.swisslife.com/report