

First-Half Financial Report 2010

Index

Condensed Consolidated Financial Statements	
4	Condensed Consolidated Statement of Income (unaudited)
5	Condensed Consolidated Statement of Comprehensive Income (unaudited)
6	Condensed Consolidated Balance Sheet (unaudited)
8	Condensed Consolidated Statement of Cash Flows (unaudited)
9	Condensed Consolidated Statement of Changes in Equity (unaudited)
10	Condensed Notes to the Consolidated Financial Statements (unaudited)
10	1 General Information
10	2 Summary of Significant Accounting Policies
12	3 Segment Information
22	4 Contracts for the Account and Risk of the Swiss Life Group's Customers
23	5 Premiums, Policy Fees and Deposits Received
25	6 Details of Certain Items in the Consolidated Statement of Income
27	7 Income Taxes
28	8 Financial Assets and Liabilities at Fair Value through Profit or Loss
28	9 Financial Assets Available for Sale
29	10 Financial Assets Pledged as Collateral
29	11 Loans and Receivables
30	12 Financial Assets Held to Maturity
30	13 Intangible Assets including Intangible Insurance Assets
32	14 Investment Contracts
33	15 Borrowings
33	16 Insurance Liabilities and Reinsurance Assets
34	17 Employee Benefits
35	18 Equity
35	19 Results from Discontinued Operations
36	20 Assets under Management
37	Review Report

Condensed Consolidated Statement of Income (unaudited)

CONSOLIDATED STATEMENT OF INCOME FOR THE 6 MONTHS ENDED 30 JUNE

In CHF million

	Notes	2010 HY	2009 HY
CONTINUING OPERATIONS			
INCOME			
Premiums earned on insurance contracts		7 395	7 510
Premiums earned on investment contracts with discretionary participation		163	108
Premiums ceded to reinsurers		-106	-110
Net earned premiums	5	7 452	7 508
Policy fees earned on insurance contracts		24	25
Policy fees earned on investment and unit-linked contracts		120	86
Net earned policy fees	5	144	111
Commission income	6	467	450
Investment income	4, 6	2 142	2 148
Net gains/losses on financial assets	4, 6	-1 382	441
Net gains/losses on financial instruments at fair value through profit or loss	4, 6	1 294	-575
Net gains/losses on investment property	4	125	95
Other income	6	297	-4
TOTAL INCOME		10 539	10 174
EXPENSES			
Benefits and claims under insurance contracts		-7 510	-7 357
Benefits and claims under investment contracts with discretionary participation		-171	-111
Benefits and claims recovered from reinsurers		54	22
Net insurance benefits and claims	6	-7 627	-7 446
Policyholder participation		-762	-651
Interest expense	6	-161	-180
Commission expense	6	-492	-476
Employee benefits expense	6	-463	-500
Depreciation and amortisation expense	6	-319	-313
Impairment of property and equipment and intangible assets		0	0
Other expenses	6	-300	-357
TOTAL EXPENSES		-10 124	-9 923
PROFIT FROM OPERATIONS		415	251
Borrowing costs		-54	-81
Share of results of associates	4	2	6
PROFIT BEFORE INCOME TAX		363	176
Income tax expense	7	-94	-4
NET PROFIT FROM CONTINUING OPERATIONS		269	172
DISCONTINUED OPERATIONS			
NET RESULT FROM DISCONTINUED OPERATIONS	19	-	-33
NET PROFIT		269	139
Net profit attributable to			
equity holders of Swiss Life Holding		268	142
non-controlling interests		1	-3
NET PROFIT		269	139
Earnings per share from continuing operations attributable to equity holders of Swiss Life Holding			
Basic earnings per share (in CHF)		8.39	5.64
Diluted earnings per share (in CHF)		8.36	5.62
Earnings per share attributable to equity holders of Swiss Life Holding			
Basic earnings per share (in CHF)		8.39	4.58
Diluted earnings per share (in CHF)		8.36	4.56

Condensed Consolidated Statement of Comprehensive Income (unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED 30 JUNE

In CHF million

	2010 HY	2009 HY
NET PROFIT	269	139
OTHER COMPREHENSIVE INCOME		
Exchange differences on translating foreign operations	-380	86
Financial assets available for sale	1 740	-420
Revaluation surplus on owner-occupied property transferred to investment property	-14	-
Share of other comprehensive income of associates	0	0
Financial assets reclassified	128	111
Policyholder participation	-988	20
Shadow accounting	-128	83
Income tax relating to other comprehensive income	-167	33
NET OTHER COMPREHENSIVE INCOME	191	-87
TOTAL NET COMPREHENSIVE INCOME	460	52
Total net comprehensive income attributable to		
equity holders of Swiss Life Holding	463	53
non-controlling interests	-3	-1
TOTAL NET COMPREHENSIVE INCOME	460	52

Condensed Consolidated Balance Sheet (unaudited)

CONSOLIDATED BALANCE SHEET

In CHF million

	Notes	30.06.2010	31.12.2009
ASSETS			
Cash and cash equivalents		7 166	8 683
Derivatives		2 385	790
Assets held for sale		1	2
Financial assets at fair value through profit or loss	8	22 499	21 997
Financial assets available for sale	9	57 382	51 855
Loans and receivables	11	32 532	34 125
Financial assets held to maturity	12	5 092	6 432
Financial assets pledged as collateral	10	1 377	330
Investment property		13 542	13 292
Investments in associates		64	71
Reinsurance assets	16	373	412
Property and equipment		596	696
Intangible assets including intangible insurance assets	13	4 051	4 576
Current income tax assets		18	26
Deferred income tax assets		66	80
Other assets		581	581
TOTAL ASSETS		147 725	143 948

CONSOLIDATED BALANCE SHEET

In CHF million

	Notes	30.06.2010	31.12.2009
LIABILITIES AND EQUITY			
LIABILITIES			
Derivatives		808	282
Financial liabilities at fair value through profit or loss	8	16 476	16 001
Investment contracts	14	11 211	12 089
Borrowings	15	2 328	2 731
Other financial liabilities		9 926	6 385
Insurance liabilities	16	91 308	92 317
Policyholder participation liabilities		4 086	3 109
Employee benefit liabilities	17	2 094	2 121
Current income tax liabilities		279	286
Deferred income tax liabilities		957	756
Provisions		158	201
Other liabilities		379	425
TOTAL LIABILITIES		140 010	136 703
EQUITY			
Share capital		385	385
Share premium		1 644	1 697
Treasury shares		-18	-25
Foreign currency translation differences		-591	-216
Gains/losses recognised directly in equity		529	-41
Retained earnings		5 732	5 408
TOTAL SHAREHOLDERS' EQUITY		7 681	7 208
Non-controlling interests		34	37
TOTAL EQUITY		7 715	7 245
TOTAL LIABILITIES AND EQUITY		147 725	143 948

Condensed Consolidated Statement of Cash Flows (unaudited)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDED 30 JUNE

In CHF million

	2010 HY	2009 HY
TOTAL NET CASH FLOWS FROM OPERATING ACTIVITIES	-924	593
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments in associates	-	-1
Sales of investments in associates	-	123
Dividends received from associates	3	5
Purchases of property and equipment	-20	-18
Sales of property and equipment	43	0
Purchases of computer software and other intangible assets	-6	-3
Acquisitions of subsidiaries, net of cash and cash equivalents	-	-13
TOTAL NET CASH FLOWS FROM INVESTING ACTIVITIES	20	93
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of debt instruments	52	2
Repurchase of debt instruments	-	-14
Redemption of debt instruments	-202	-16
Purchases of treasury shares	-	-94
Sales of treasury shares	8	184
Purchases of non-controlling interests	-	-7
Borrowing costs paid	-70	-99
Dividends paid to non-controlling interests	0	0
TOTAL NET CASH FLOWS FROM FINANCING ACTIVITIES	-212	-44
TOTAL CHANGE IN CASH AND CASH EQUIVALENTS	-1 116	642
Cash and cash equivalents as at 1 January	8 683	9 408
Classification as assets held for sale	-	0
Foreign currency differences	-401	48
Total change in cash and cash equivalents	-1 116	642
CASH AND CASH EQUIVALENTS AS AT END OF PERIOD	7 166	10 098

Condensed Consolidated Statement of Changes in Equity (unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2010

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	385	1 697	-25	-216	-41	5 408	7 208	37	7 245
Total net comprehensive income	-	-	-	-375	570	268	463	-3	460
Convertible debt, reclassification of equity component	-	-56	-	-	-	56	-	-	-
Equity-settled share-based payments	-	2	-	-	-	-	2	-	2
Purchases of treasury shares	-	-	-	-	-	-	-	-	-
Sales of treasury shares	-	1	7	-	-	-	8	-	8
Dividends	-	-	-	-	-	-	-	0	0
BALANCE AS AT END OF PERIOD	385	1 644	-18	-591	529	5 732	7 681	34	7 715

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS 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
Purchases 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

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 eight countries.

In the following, Swiss Life Holding Ltd is referred to as "Swiss Life Holding".

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 2009, except for the changes in accounting policies as described below.

These interim financial statements should be read in conjunction with the 2009 annual financial statements.

CHANGES IN ACCOUNTING POLICIES – In January 2008, the International Accounting Standards Board issued a revised version of IFRS 3 Business Combinations and related revisions to IAS 27 Consolidated and Separate Financial Statements. One of the main changes is an option which has been added to IFRS 3 Business Combinations to permit the acquirer in business combinations in which control is achieved without buying all of the equity of the acquiree to recognise 100% of the goodwill, not just the acquirer's portion of the goodwill ("full goodwill method"). The revised Standard requires that acquisition-related costs are expensed. Another change relates to partial disposals of an investment in a subsidiary while control is retained and to the acquisition of additional shares in a subsidiary after control was obtained. Such transactions are accounted for within equity. The amendments are effective for annual periods beginning on or after 1 July 2009. IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Revised) have been applied prospectively with effect from 1 January 2010 and therefore there is no impact on comparative periods in the 2010 consolidated financial statements.

In July 2008, the International Accounting Standards Board published Eligible Hedged Items (an amendment to IAS 39 Financial Instruments: Recognition and Measurement). The amendment provides clarification on how hedge accounting should be performed with regard to identifying inflation as a hedged risk and hedging with options. The amendment is effective for annual periods beginning on or after 1 July 2009. No impact on the consolidated financial statements arose from the adoption of this amendment.

The following amendments to Standards and new Interpretations are mandatory for the first time for the financial year beginning on 1 January 2010, but are not currently relevant for the Swiss Life Group:

IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC 18 Transfers of Assets from Customers

Annual improvements to IFRS as published in April 2009

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.

FOREIGN CURRENCY EXCHANGE RATES

	30.06.2010	31.12.2009	Average 2010 HY	Average 2009 HY
1 British pound (GBP)	1.6126	1.6639	1.6524	1.6841
1 Croatian kuna (HRK)	0.1836	0.2043	0.1972	0.2043
1 Czech koruna (CZK)	0.0514	0.0564	0.0558	0.0557
1 Euro (EUR)	1.3210	1.4837	1.4383	1.5061
100 Hungarian forint (HUF)	0.4640	0.5480	0.5275	0.5220
100 Polish zloty (PLN)	31.9608	36.0500	35.8379	33.8170
1 Romanian new leu (RON)	0.3026	0.3523	0.3454	0.3574
1 Singapore dollar (SGD)	0.7713	0.7348	0.7752	0.7570
1 US dollar (USD)	1.0778	1.0300	1.0829	1.1293

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 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)

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 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.

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

Non-life operations involve operations in France and Luxembourg and mainly include property and casualty, liability and motor insurance, accident and health insurance and as well as payment protection insurance. These operations are included in the segment “Insurance France” and “Insurance Other”.

“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 in the 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 in the separate segment “Banking (Discontinued)”.

The statement of income and the balance sheet for the segments are provided in the following:

STATEMENT OF INCOME FOR THE 6 MONTHS ENDED 30 JUNE 2010

In CHF million

	Insurance Switzerland	Insurance France	Insurance Germany	Insurance Other
INCOME				
Premiums earned on insurance contracts	5 063	1 417	876	47
Premiums earned on investment contracts with discretionary participation	159	4	-	-
Premiums ceded to reinsurers	-12	-85	-1	-16
Net earned premiums	5 210	1 336	875	31
Policy fees earned on insurance contracts	9	15	-	-
Policy fees earned on investment and unit-linked contracts	12	50	14	44
Net earned policy fees	21	65	14	44
Commission income	17	42	13	1
Investment income	1 399	346	377	17
Net gains/losses on financial assets	-1 562	73	160	-51
Net gains/losses on financial instruments at fair value through profit or loss	1 327	-98	-10	68
Net gains/losses on investment property	91	35	-1	-
Other income	319	2	4	-9
TOTAL INCOME	6 822	1 801	1 432	101
of which inter-segment	16	-2	0	-3
EXPENSES				
Benefits and claims under insurance contracts	-5 444	-1 075	-964	-27
Benefits and claims under investment contracts with discretionary participation	-165	-6	-	-
Benefits and claims recovered from reinsurers	8	40	0	6
Net insurance benefits and claims	-5 601	-1 041	-964	-21
Policyholder participation	-474	-70	-215	-3
Interest expense	-49	-89	-13	-9
Commission expense	-128	-166	-46	-23
Employee benefits expense	-146	-114	-53	-28
Depreciation and amortisation expense	-97	-137	-61	-4
Impairment of property and equipment and intangible assets	0	-	0	-
Other expenses	-45	-137	-16	-19
TOTAL EXPENSES	-6 540	-1 754	-1 368	-107
of which inter-segment	-57	-7	-32	-13
SEGMENT RESULT	282	47	64	-6
of which inter-segment	-41	-9	-32	-16
Unallocated corporate costs				
RESULT FROM OPERATIONS				
Borrowing costs	-54	0	-3	-3
Share of results of associates	1	-	0	-
Income tax expense				
NET RESULT				

	Investment Management	AWD	Other	Insurance (Discontinued)	Banking (Discontinued)	Eliminations	Total	Less: discontinued operations	Continuing operations
	-	-	-	-	-	-8	7 395	-	7 395
	-	-	-	-	-	-	163	-	163
	-	-	-	-	-	8	-106	-	-106
	-	-	-	-	-	0	7 452	-	7 452
	-	-	-	-	-	-	24	-	24
	-	-	-	-	-	-	120	-	120
	-	-	-	-	-	-	144	-	144
	130	378	5	-	-	-119	467	-	467
	1	1	17	-	-	-16	2 142	-	2 142
	0	-2	0	-	-	-	-1 382	-	-1 382
	-	0	7	-	-	0	1 294	-	1 294
	-	-	0	-	-	-	125	-	125
	-1	3	-20	-	-	-1	297	-	297
	130	380	9	-	-	-136	10 539	-	10 539
	90	19	16	-	-	-136			
	-	-	-	-	-	0	-7 510	-	-7 510
	-	-	-	-	-	-	-171	-	-171
	-	-	-	-	-	0	54	-	54
	-	-	-	-	-	0	-7 627	-	-7 627
	-	-	-	-	-	0	-762	-	-762
	0	-2	0	-	-	1	-161	-	-161
	-14	-231	-1	-	-	117	-492	-	-492
	-46	-62	-1	-	-	1	-449	-	-449
	0	-20	0	-	-	-	-319	-	-319
	-	-	-	-	-	-	0	-	0
	-24	-50	-4	-	-	3	-292	-	-292
	-84	-365	-6	-	-	122	-10 102	-	-10 102
	-10	-1	-2	-	-	122			
	46	15	3	-	-	-14	437	-	437
	80	18	14	-	-	-14			
							-22	-	-22
							415	-	415
	-	-	-8	-	-	14	-54	-	-54
	0	-	1	-	-	-	2	-	2
							-94	-	-94
							269	-	269

STATEMENT OF INCOME FOR THE 6 MONTHS ENDED 30 JUNE 2009

In CHF million	Insurance Switzerland	Insurance France	Insurance Germany	Insurance Other
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
Investment income	1 364	350	411	17
Net gains/losses on financial assets	481	-19	-20	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
TOTAL INCOME	6 613	1 880	1 200	87
of which inter-segment	21	0	2	-4
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
Commission expense	-118	-160	-53	-15
Employee benefits expense	-160	-124	-46	-23
Depreciation and amortisation expense	-80	-149	-57	-4
Impairment of property and equipment and intangible assets	-	-	0	-
Other expenses	-45	-137	-26	-24
TOTAL EXPENSES	-6 420	-1 810	-1 169	-101
of which inter-segment	-56	-6	-34	-11
SEGMENT RESULT	193	70	31	-14
of which inter-segment	-35	-6	-32	-15
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				

Investment Management	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
118	383	4	-	-	-120	450	-	450
1	1	27	-	-	-23	2 148	-	2 148
0	-1	0	-	-	-	441	-	441
-	0	1	-	-	-	-575	-	-575
-	-	0	-	-	-	95	-	95
1	10	-3	-	-33	-5	-37	33	-4
120	393	29	-	-33	-148	10 141	33	10 174
83	25	21	-	-	-148			
-	-	-	-	-	2	-7 357	-	-7 357
-	-	-	-	-	-	-111	-	-111
-	-	-	-	-	-2	22	-	22
-	-	-	-	-	0	-7 446	-	-7 446
-	-	-	-	-	0	-651	-	-651
0	0	-1	-	-	3	-180	-	-180
-11	-230	-2	-	-	113	-476	-	-476
-47	-85	0	-	-	0	-485	-	-485
0	-23	0	-	-	-	-313	-	-313
-	-	-	-	-	-	0	-	0
-27	-83	-7	-	-	9	-340	-	-340
-85	-421	-10	-	-	125	-9 891	-	-9 891
-14	0	-4	-	-	125			
35	-28	19	-	-33	-23	250	33	283
69	25	17	-	-	-23			
						-32	-	-32
						218	33	251
-	-	-14	-	-	23	-81	-	-81
-	-	1	-	-	-	6	-	6
						-4	-	-4
						139	33	172

BALANCE SHEET AS AT 30 JUNE 2010

In CHF million

	Insurance Switzerland	Insurance France
ASSETS		
Cash and cash equivalents	3 256	1 160
Derivatives	2 305	2
Assets held for sale	1	-
Financial assets at fair value through profit or loss	2 087	6 502
Financial assets available for sale	39 542	12 417
Loans and receivables	19 350	1 495
Financial assets held to maturity	3 491	1 553
Financial assets pledged as collateral	543	834
Investment property	11 325	1 374
Reinsurance assets	31	282
Property and equipment	293	151
Intangible assets including intangible insurance assets	837	506
Other assets	604	8
SEGMENT ASSETS	83 665	26 284
Investments in associates		
Income tax assets		
TOTAL ASSETS		
LIABILITIES AND EQUITY		
LIABILITIES		
Derivatives	787	1
Financial liabilities at fair value through profit or loss	1 109	622
Investment contracts	862	9 707
Other financial liabilities	6 632	2 464
Insurance liabilities	63 176	11 093
Policyholder participation liabilities	2 653	647
Employee benefit liabilities	1 939	71
Provisions	33	26
Other liabilities	281	44
SEGMENT LIABILITIES	77 472	24 675
Borrowings		
Income tax liabilities		
EQUITY		
TOTAL LIABILITIES AND EQUITY		

	Insurance Germany	Insurance Other	Investment Management	AWD	Other	Insurance (Discontinued)	Banking (Discontinued)	Eliminations	Total
	342	1 717	34	105	552	-	-	0	7 166
	79	9	-	-	-	-	-	-10	2 385
	0	-	-	-	-	-	-	-	1
	970	12 878	-	7	55	-	-	-	22 499
	4 312	856	31	-	224	-	-	-	57 382
	11 514	109	89	176	770	-	-	-971	32 532
	44	4	-	-	-	-	-	-	5 092
	-	-	-	-	-	-	-	-	1 377
	836	-	-	-	7	-	-	-	13 542
	32	35	-	-	-	-	-	-7	373
	75	1	2	60	14	-	-	-	596
	1 359	189	0	1 160	-	-	-	-	4 051
	1	4	22	2	1	-	-	-61	581
	19 564	15 802	178	1 510	1 623	-	-	-1 049	147 577
									64
									84
									147 725
	20	0	-	-	10	-	-	-10	808
	380	14 365	-	-	-	-	-	-	16 476
	123	519	-	-	-	-	-	-	11 211
	519	230	31	248	72	-	-	-270	9 926
	16 778	286	-	-	-	-	-	-25	91 308
	778	10	-	-	-	-	-	-2	4 086
	46	6	32	-	-	-	-	-	2 094
	23	4	5	67	-	-	-	-	158
	-	13	2	51	12	-	-	-24	379
	18 667	15 433	70	366	94	-	-	-331	136 446
									2 328
									1 236
									7 715
									147 725

BALANCE SHEET AS AT 31 DECEMBER 2009

In CHF million

	Insurance Switzerland	Insurance France
ASSETS		
Cash and cash equivalents	4 420	958
Derivatives	703	0
Assets held for sale	2	-
Financial assets at fair value through profit or loss	2 013	7 265
Financial assets available for sale	33 230	13 041
Loans and receivables	19 447	1 592
Financial assets held to maturity	4 536	1 834
Financial assets pledged as collateral	-	330
Investment property	10 997	1 499
Reinsurance assets	30	318
Property and equipment	355	165
Intangible assets including intangible insurance assets	1 024	535
Other assets	605	18
SEGMENT ASSETS	77 362	27 555
Investments in associates		
Income tax assets		
TOTAL ASSETS		
LIABILITIES AND EQUITY		
LIABILITIES		
Derivatives	260	-
Financial liabilities at fair value through profit or loss	1 171	899
Investment contracts	884	10 456
Other financial liabilities	3 676	1 814
Insurance liabilities	61 661	11 984
Policyholder participation liabilities	1 690	564
Employee benefit liabilities	1 896	73
Provisions	51	30
Other liabilities	360	23
SEGMENT LIABILITIES	71 649	25 843
Borrowings		
Income tax liabilities		
EQUITY		
TOTAL LIABILITIES AND EQUITY		

Insurance Germany	Insurance Other	Investment Management	AWD	Other	Insurance (Discontinued)	Banking (Discontinued)	Eliminations	Total
331	2 041	49	90	794	-	-	0	8 683
97	7	-	-	-	-	-	-17	790
0	-	-	-	-	-	-	-	2
1 042	11 686	-	6	5	-	-	-20	21 997
4 485	857	32	-	210	-	-	-	51 855
13 159	123	107	211	549	-	-	-1 063	34 125
58	4	-	-	-	-	-	-	6 432
-	-	-	-	-	-	-	-	330
788	-	-	-	8	-	-	-	13 292
37	35	-	-	-	-	-	-8	412
86	2	2	70	16	-	-	-	696
1 512	189	0	1 316	-	-	-	-	4 576
-	1	67	6	1	-	-	-117	581
21 595	14 945	257	1 699	1 583	-	-	-1 225	143 771
								71
								106
								143 948
22	0	-	-	17	-	-	-17	282
399	13 552	-	-	-	-	-	-20	16 001
227	522	-	-	-	-	-	-	12 089
607	190	31	282	81	-	-	-296	6 385
18 455	290	-	-	-	-	-	-73	92 317
844	15	-	-	-	-	-	-4	3 109
49	8	95	-	-	-	-	-	2 121
24	4	6	86	-	-	-	-	201
0	1	1	63	0	-	-	-23	425
20 627	14 582	133	431	98	-	-	-433	132 930
								2 731
								1 042
								7 245
								143 948

PREMIUMS AND POLICY FEES FROM EXTERNAL CUSTOMERS

In CHF million	Net earned premiums		Net earned policy fees	
	2010 HY	2009 HY	2010 HY	2009 HY
LIFE				
Individual life	1 948	1 894	139	101
Group life	5 290	5 363	5	10
TOTAL LIFE	7 238	7 257	144	111
NON-LIFE				
Accident and health	7	8	–	–
Property, casualty and other	207	243	–	–
TOTAL NON-LIFE	214	251	–	–
TOTAL	7 452	7 508	144	111

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

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 the policyholder's specific investment objectives. The assets back the insur-

ance 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	30.06.2010	31.12.2009
Cash and cash equivalents		1 594	1 910
Derivatives		11	10
Financial assets at fair value through profit or loss			
Debt instruments	8	5 204	5 077
Equity securities	8	2 772	2 616
Investment fund units	8	7 946	7 355
Other	8	1 922	1 693
TOTAL ASSETS FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS		19 449	18 661

LIABILITIES FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS

In CHF million			
	Notes	30.06.2010	31.12.2009
Financial liabilities at fair value through profit or loss	8	15 854	15 101
Investment contracts	14	2 685	2 788
Insurance liabilities	16	851	742
TOTAL LIABILITIES FOR THE ACCOUNT AND RISK OF THE SWISS LIFE GROUP'S CUSTOMERS		19 390	18 631

The financial result for the six months 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						
	For the account and risk of the Swiss Life Group		For the account and risk of the Swiss Life Group's customers		Total	
	2010 HY	2009 HY	2010 HY	2009 HY	2010 HY	2009 HY
Investment income	2 142	2 148	0	-	2 142	2 148
Net gains/losses on financial assets	-1 315	441	-67	-	-1 382	441
Net gains/losses on financial instruments at fair value through profit or loss (FVPL)	1 201	-568	93	-7	1 294	-575
Net gains/losses on investment property	125	95	-	-	125	95
Share of results of associates	2	6	-	-	2	6
FINANCIAL RESULT	2 155	2 122	26	-7	2 181	2 115

5 Premiums, Policy Fees and Deposits Received**WRITTEN PREMIUMS**

In CHF million		
	2010 HY	2009 HY
Direct	7 474	7 539
Assumed	140	134
GROSS WRITTEN PREMIUMS	7 614	7 673
Ceded	-105	-110
NET WRITTEN PREMIUMS	7 509	7 563

EARNED PREMIUMS

In CHF million		
	2010 HY	2009 HY
Direct	7 426	7 494
Assumed	132	124
GROSS EARNED PREMIUMS	7 558	7 618
Ceded	-106	-110
NET EARNED PREMIUMS	7 452	7 508

WRITTEN POLICY FEES

In CHF million

	2010 HY	2009 HY
Direct	155	111
Assumed	1	0
GROSS WRITTEN POLICY FEES	156	111
Ceded	0	-
NET WRITTEN POLICY FEES	156	111

EARNED POLICY FEES

In CHF million

	2010 HY	2009 HY
Direct	144	111
Assumed	0	0
GROSS EARNED POLICY FEES	144	111
Ceded	0	-
NET EARNED POLICY FEES	144	111

Under the accounting principles adopted, deposits which deposit accounting is used are not recognised as received under insurance and investment contracts for income:

In CHF million

	2010 HY	2009 HY
Net earned premiums	7 452	7 508
Net earned policy fees	144	111
Deposits received under insurance and investment contracts	4 471	2 603
NET EARNED PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	12 067	10 222
GROSS WRITTEN PREMIUMS, POLICY FEES AND DEPOSITS RECEIVED	12 241	10 387

6 Details of Certain Items in the Consolidated Statement of Income

COMMISSION INCOME

In CHF million

	2010 HY	2009 HY
Asset management commissions	44	40
Brokerage commissions	353	354
Fees earned on loans and deposits	0	0
Other commissions and fees	70	56
TOTAL COMMISSION INCOME	467	450

INVESTMENT INCOME

In CHF million

	2010 HY	2009 HY
Interest income on financial assets held to maturity and available for sale	1 062	894
Interest income on loans and receivables	730	886
Other interest income	6	12
Dividend income on financial assets available for sale	52	52
Net income on investment property	292	304
TOTAL INVESTMENT INCOME	2 142	2 148

NET GAINS/LOSSES ON FINANCIAL ASSETS

In CHF million

	2010 HY	2009 HY
Sale of		
financial assets available for sale	340	-37
loans	26	-46
Net gains/losses from sales	366	-83
Impairment losses on		
debt instruments available for sale	4	24
equity instruments available for sale	-11	-137
loans and receivables	-2	-32
Impairment losses on financial assets	-9	-145
Foreign currency gains/losses	-1 739	669
TOTAL NET GAINS/LOSSES ON FINANCIAL ASSETS	-1 382	441

NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

In CHF million

	Notes	2010 HY	2009 HY
Interest rate derivatives		-95	63
Equity derivatives		8	-137
Currency derivatives		1 312	-632
Other derivatives		-12	-4
Financial assets designated as at fair value through profit or loss		-28	156
Financial liabilities designated as at fair value through profit or loss		16	-15
Financial instruments for the account and risk of the Swiss Life Group's customers	4	93	-7
Fair value hedges		0	1
TOTAL NET GAINS/LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS		1 294	-575

OTHER INCOME

In CHF million

	2010 HY	2009 HY
Realised gains/losses on sales of subsidiaries and other assets	16	-6
Net gains on repurchased financial liabilities	-	35
Other foreign currency gains/losses	259	-63
Other	22	30
TOTAL OTHER INCOME	297	-4

NET INSURANCE BENEFITS AND CLAIMS

In CHF million

	2010 HY	2009 HY
Benefits and claims under insurance contracts		
Life benefits and claims paid, gross	5 225	5 919
Change in liability for future life policyholder benefits, gross	2 132	1 254
Non-life claims paid, gross	175	179
Change in reserve for non-life claims, gross	-22	5
Benefits and claims recovered from reinsurers	-54	-22
Net benefits and claims under insurance contracts	7 456	7 335
Benefits and claims under investment contracts with discretionary participation		
Life benefits and claims paid, gross	108	98
Change in liability for future life policyholder benefits, gross	63	13
Net benefits and claims under investment contracts with discretionary participation	171	111
TOTAL NET INSURANCE BENEFITS AND CLAIMS	7 627	7 446

INTEREST EXPENSE

In CHF million

	2010 HY	2009 HY
Interest expense on deposits	18	17
Interest expense on investment contracts	60	72
Interest expense on deposits under insurance contracts	64	67
Other interest expense	19	24
TOTAL INTEREST EXPENSE	161	180

COMMISSION EXPENSE

In CHF million

	2010 HY	2009 HY
Insurance agent and broker commissions	445	437
Asset management and banking commissions	26	21
Other commissions and fees	21	18
TOTAL COMMISSION EXPENSE	492	476

EMPLOYEE BENEFITS EXPENSE

In CHF million

	2010 HY	2009 HY
Wages and salaries	306	332
Social security	79	84
Defined benefit plans	57	60
Defined contribution plans	1	1
Other employee benefits	20	23
TOTAL EMPLOYEE BENEFITS EXPENSE	463	500

DEPRECIATION AND AMORTISATION EXPENSE

In CHF million

	Notes	2010 HY	2009 HY
Depreciation of property and equipment		18	25
Amortisation of present value of future profits (PVP)	13	0	0
Amortisation of deferred acquisition costs (DAC)	13	276	265
Amortisation of deferred origination costs (DOC)	13	5	1
Amortisation of other intangible assets	13	20	22
TOTAL DEPRECIATION AND AMORTISATION EXPENSE		319	313

OTHER EXPENSES

In CHF million

	2010 HY	2009 HY
Marketing and advertising	34	55
Information technology and systems	33	49
Rental, maintenance and repair expenses	35	42
Professional services	77	92
Premium taxes and other non-income taxes	69	67
Other	52	52
TOTAL OTHER EXPENSES	300	357

7 Income Taxes**INCOME TAX EXPENSE**

In CHF million

	2010 HY	2009 HY
Current income tax expense	35	51
Deferred income tax expense	59	-47
TOTAL INCOME TAX EXPENSE	94	4

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

In CHF million		Designated as at fair value through profit or loss
	Notes	30.06.2010 31.12.2009
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Debt securities		2 229 2 634
Equity securities		278 842
Investment fund units – debt		348 418
Investment fund units – equity		1 366 1 032
Investment fund units – mixed		80 71
Private equity		13 14
Hedge funds		274 239
Commodity funds		60 –
Assets for the account and risk of the Swiss Life Group's customers	4	17 844 16 741
Other		7 6
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		22 499 21 997
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		
Liabilities for the account and risk of the Swiss Life Group's customers	4	15 854 15 101
Share of net assets of investment funds attributable to minority unitholders		622 900
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		16 476 16 001

9 Financial Assets Available for Sale

In CHF million	Cost/amortised cost		Net unrealised gains/losses		Fair value (carrying amount)	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Debt securities	51 524	46 905	2 257	230	53 781	47 135
Money market instruments	14	31	–	–	14	31
Equity securities	1 556	1 570	–148	4	1 408	1 574
Investment fund units – debt	161	178	0	6	161	184
Investment fund units – equity	712	851	11	83	723	934
Investment fund units – mixed	241	269	1	9	242	278
Private equity	317	280	22	11	339	291
Hedge funds	573	1 228	140	198	713	1 426
Other	1	2	–	0	1	2
TOTAL FINANCIAL ASSETS AVAILABLE FOR SALE	55 099	51 314	2 283	541	57 382	51 855

10 Financial Assets Pledged as Collateral

In CHF million	Carrying amount	
	30.06.2010	31.12.2009
Financial assets reclassified from		
Financial assets available for sale	834	330
Financial assets held to maturity	543	-
TOTAL FINANCIAL ASSETS PLEDGED AS COLLATERAL	1 377	330

Financial assets that have been sold under a repurchase agreement or lent under an agreement to return them, are not derecognised when substantially all the risks and rewards of ownership are retained by Swiss Life. If the

transferee has the right to sell or repledge the financial assets given as collateral, they are reclassified in the balance sheet as financial assets pledged at their respective carrying amounts.

11 Loans and Receivables

In CHF million	Gross amount		Allowance for impairment losses		Cost/amortised cost (carrying amount)	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009	30.06.2010	31.12.2009
LOANS						
Mortgages	5 246	5 446	-33	-29	5 213	5 417
Policy loans	400	470	-	-	400	470
Other originated loans	832	967	-	-	832	967
Purchased loans	10 253	11 412	-	-	10 253	11 412
Assets previously classified as available for sale	10 390	12 169	-52	-79	10 338	12 090
TOTAL LOANS	27 121	30 464	-85	-108	27 036	30 356
RECEIVABLES						
Insurance receivables	1 392	1 143	-21	-20	1 371	1 123
Receivables from reinsurers	134	157	-	-	134	157
Investment contracts ceded to reinsurers	45	49	-	-	45	49
Accrued income	1 541	1 768	-	-	1 541	1 768
Other	2 405	672	0	0	2 405	672
TOTAL RECEIVABLES	5 517	3 789	-21	-20	5 496	3 769
TOTAL LOANS AND RECEIVABLES	32 638	34 253	-106	-128	32 532	34 125

12 Financial Assets Held to Maturity

In CHF million	Gross amount		Allowance for impairment losses		Cost/amortised cost (carrying amount)	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Debt securities	5 092	6 432	–	–	5 092	6 432
Other	–	–	–	–	–	–
TOTAL FINANCIAL ASSETS HELD TO MATURITY	5 092	6 432	–	–	5 092	6 432

13 Intangible Assets including Intangible Insurance Assets

In CHF million	30.06.2010	31.12.2009
Intangible insurance assets	2 012	2 338
Other intangible assets	2 039	2 238
TOTAL INTANGIBLE ASSETS	4 051	4 576

INTANGIBLE INSURANCE ASSETS

In CHF million	Present value of future profits from acquired insurance portfolios (PVP)		Deferred acquisition costs (DAC)		Deferred origination costs (DOC)		Total	
	2010 HY	2009 YE	2010 HY	2009 YE	2010 HY	2009 YE	2010 HY	2009 YE
Balance as at 1 January	20	21	2 299	2 417	19	8	2 338	2 446
Additions	–	–	227	481	13	18	240	499
Amortisation	0	–1	–276	–533	–5	–7	–281	–541
Impairment due to liability adequacy test	–	–	0	–	–	–	0	–
Effect of shadow accounting	0	0	–130	–59	–	–	–130	–59
Classification as assets held for sale and other disposals	–	–	–	–1	–	–	–	–1
Foreign currency translation differences	–3	0	–151	–6	–1	0	–155	–6
BALANCE AS AT END OF PERIOD	17	20	1 969	2 299	26	19	2 012	2 338

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 the right for investment management services within investment contract policies. They relate to contracts in Luxembourg and Switzerland.

OTHER INTANGIBLE ASSETS

In CHF million	Goodwill		Customer relationships		Brands and other		Total	
	2010 HY	2009 YE	2010 HY	2009 YE	2010 HY	2009 YE	2010 HY	2009 YE
COST								
Balance as at 1 January	1 947	1 890	370	368	261	253	2 578	2 511
Additions	–	60	–	–	6	14	6	74
Additions from business combinations	–	11	–	4	–	0	–	15
Classification as assets held for sale and other disposals	–	–6	–	–	–3	–4	–3	–10
Foreign currency translation differences	–140	–8	–37	–2	–29	–2	–206	–12
BALANCE AS AT END OF PERIOD	1 807	1 947	333	370	235	261	2 375	2 578
ACCUMULATED AMORTISATION AND IMPAIRMENT								
Balance as at 1 January	–157	–163	–63	–29	–120	–114	–340	–306
Amortisation	–	–	–17	–35	–3	–10	–20	–45
Impairment losses	–	–	–	–	–	0	–	0
Classification as assets held for sale and other disposals	–	6	–	–	3	4	3	10
Foreign currency translation differences	–	–	8	1	13	0	21	1
BALANCE AS AT END OF PERIOD	–157	–157	–72	–63	–107	–120	–336	–340
TOTAL OTHER INTANGIBLE ASSETS AS AT END OF PERIOD	1 650	1 790	261	307	128	141	2 039	2 238

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.

In November 2009, the squeeze-out of the remaining AWD Holding shareholders representing 3.3% of the shares was completed. The purchase price of the shares amounted to CHF 58 million and led to additional goodwill of CHF 55 million.

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

Also in 2009, the remaining 49.4% of the non-controlling interests of Cegema, France, were acquired, which led to additional goodwill of CHF 5 million.

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.

In CHF million	Lloyd Continental		CapitalLeben		Other	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Net carrying amount of goodwill	287	287	149	149	13	15
Impairment losses	–	–	–	–	–	–

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.

In CHF million	Insurance Switzerland		Insurance Germany		AWD	
	30.06.2010	31.12.2009	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Net carrying amount of goodwill	81	81	280	314	840	944
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.

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

14 Investment Contracts

In CHF million	Notes	30.06.2010	31.12.2009
Investment contracts with discretionary participation with deposit accounting		9 859	10 566
Investment contracts with discretionary participation with actuarial valuation		870	820
Investment contracts without discretionary participation at amortised cost		241	433
Investment contracts without discretionary participation at fair value through profit or loss		241	270
TOTAL INVESTMENT CONTRACTS		11 211	12 089
of which for the account and risk of the Swiss Life Group's customers	4	2 685	2 788

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, the 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

	30.06.2010	31.12.2009
Money market instruments	–	23
Hybrid debt	2 247	2 487
Convertible debt	–	34
Bank loans	78	184
Finance lease obligations	3	3
TOTAL BORROWINGS	2 328	2 731

HYBRID DEBT

In 2009, hybrid debt was repurchased. The gain on the repurchase for the first six months of 2009, calculated as the difference between the carrying amount and the amount paid to extinguish the liability, amounted to CHF 35 million and is included in other income. In 2009 Swiss Life Ltd renounced the right to call the privately placed subordinated step-up loan, which was issued in 1999, on the first call date.

The change in the first half of 2010 was primarily due to foreign currency gains.

CONVERTIBLE DEBT

On 10 June 2004, Swiss Life Holding issued CHF 317 million in 0.625% convertible bonds due in 2010. The bonds were convertible into registered shares of Swiss Life Holding at any time at the option of the holder. Bondholders exercising their conversion right were 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, with effect from 29 July 2008 conversion price of CHF 200.20).

No convertible bonds were converted in 2010 or in 2009. On 10 June 2010, the remaining CHF 34 million in convertible debt matured and was redeemed (2009: repurchased CHF 8 million).

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 was originally 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%. The drawn part of the loan was reduced by repayments of EUR 100 million in 2009 and EUR 40 million in the first half of 2010.

16 Insurance Liabilities and Reinsurance Assets

In CHF million

	Notes	Gross		Reinsurance assets		Net	
		30.06.2010	31.12.2009	30.06.2010	31.12.2009		
Claims under non-life insurance contracts		1 046	1 197	209	228	837	969
Unearned premiums non-life		92	81	0	1	92	80
Claims under life insurance contracts		6 182	6 505	67	81	6 115	6 424
Future life policyholder benefits		78 161	78 528	96	101	78 065	78 427
Unearned premiums life		84	59	1	1	83	58
Deposits under insurance contracts		5 743	5 947	–	–	5 743	5 947
TOTAL INSURANCE LIABILITIES AND REINSURANCE ASSETS		91 308	92 317	373	412	90 935	91 905
of which for the account and risk of the Swiss Life Group's customers	4	851	742	–	–	851	742

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.

UNEARNED PREMIUMS

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

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.

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 risks, savings premiums collected are reported as deposits (deposit accounting).

17 Employee Benefits

AMOUNTS RECOGNISED IN THE CONSOLIDATED BALANCE SHEET

In CHF million

	30.06.2010	31.12.2009
Present value of obligations	-2 472	-2 385
Fair value of plan assets	273	296
Unrecognised actuarial gains (-)/losses (+)	349	231
NET DEFINED BENEFIT ASSET (+)/LIABILITY (-)	-1 850	-1 858
The net defined benefit asset/liability consists of		
gross defined benefit liabilities	-2 016	-2 025
gross defined benefit assets	166	167
Employee benefit liabilities consist of		
gross defined benefit liabilities	-2 016	-2 025
other employee benefit liabilities	-78	-96
TOTAL EMPLOYEE BENEFIT LIABILITIES	-2 094	-2 121
Amount of insurance contracts not included in plan assets	2 062	2 047

18 Equity

NUMBER OF SHARES

Number of shares	2010 HY	2009 YE
SHARES ISSUED		
Balance as at 1 January	32 081 054	35 084 554
Cancellation of treasury shares	-	-3 003 500
BALANCE AS AT END OF PERIOD	32 081 054	32 081 054
TREASURY SHARES		
Balance as at 1 January	232 158	4 619 466
Purchases of treasury shares	-	1 965 033
Sales of treasury shares	-61 987	-3 348 841
Cancellation of treasury shares	-	-3 003 500
BALANCE AS AT END OF PERIOD	170 171	232 158

19 Results from Discontinued Operations

In the first six months of 2009, a settlement payment of CHF 33 million was made with regard to the sale of Banca del Gottardo and included in the “Banking (Discontinued)” segment.

20 Assets under Management

In CHF million	30.06.2010	31.12.2009
ON-BALANCE-SHEET ASSETS		
Cash and cash equivalents	7 166	8 683
Derivatives	2 385	790
Financial assets at fair value through profit or loss	22 499	21 997
Debt securities available for sale	53 781	47 135
Money market instruments available for sale	14	31
Equity securities available for sale	1 408	1 574
Investment funds available for sale	1 126	1 396
Private equity available for sale	339	291
Hedge funds available for sale	713	1 426
Other financial assets available for sale	1	2
Loans	27 036	30 356
Financial assets held to maturity	5 092	6 432
Financial assets pledged as collateral	1 377	330
Investment property	13 542	13 292
Investments in associates	64	71
TOTAL ON-BALANCE-SHEET ASSETS	136 543	133 806
Fair value adjustments of assets reported at amortised cost		
Loans	2 182	1 176
Financial assets held to maturity	14	-528
Financial assets pledged as collateral	-24	-
Third-party off-balance-sheet assets	12 270	13 732
TOTAL ASSETS UNDER CONTROL	150 985	148 186
Minus externally managed on-balance-sheet assets		
Assets under unit-linked/private placement life insurance business	-14 796	-13 814
Externally managed alternative investments	-1 007	-1 682
Externally managed other assets	-151	-668
TOTAL ASSETS UNDER MANAGEMENT	135 031	132 022

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, the assets managed by third parties and alternative investments managed by third parties have been deducted from assets under control.

Review Report

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

INTRODUCTION

We have reviewed the accompanying condensed consolidated financial statements (condensed consolidated statement of income, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity and condensed notes, page 4 to 36) of Swiss Life Holding Ltd for the period ended 30 June 2010. The Board of Directors is responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these condensed consolidated 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 consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers AG

Peter Lüssi

Reto Zemp

Zurich, 17 August 2010

IMPORTANT DATES

INTERIM STATEMENT Q3 2010

10 November 2010

INVESTORS' DAY

24 November 2010

PRESENTATION OF 2010 RESULTS

2 March 2011

ANNUAL GENERAL MEETING OF SHAREHOLDERS 2011

5 May 2011, Hallenstadion Zurich

CONTACTS

Swiss Life

General-Guisan-Quai 40

P.O. Box 2831

CH-8022 Zurich

Tel. +41 43 284 33 11

www.swisslife.com

Investor Relations

Tel. +41 43 284 52 76

Fax +41 43 284 44 41

E-mail investor.relations@swisslife.ch

Shareholder Services

Tel. +41 43 284 61 10

Fax +41 43 284 61 66

E-mail shareholder.services@swisslife.ch

Media Relations

Tel. +41 43 284 77 77

Fax +41 43 284 48 84

E-mail media.relations@swisslife.ch

FINANCIAL PUBLICATIONS

The First-Half Financial Report is also available in German.

The English text is definitive.

All the Swiss Life Group's financial publications can be found at:

www.swisslife.com/report

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain projections or other forward-looking statements related to Swiss Life that are subject to known and unknown risks, uncertainties and other important factors. The reader should be aware that these statements are only projections which could differ materially from the actual results, financial situation, development, performance or expectations and that therefore no undue reliance should be placed on such forward-looking statements. Neither Swiss Life nor any of its directors, officers, employees or advisors, nor any other person connected or otherwise associated with Swiss Life, makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this document. Neither Swiss Life nor any of its directors, officers, employees or advisors, nor any other person connected or otherwise associated with Swiss Life, shall have any liability whatsoever for loss howsoever arising, directly or indirectly, from any use of this document. All forward-looking statements are based on the data available to Swiss Life at the time the present document was compiled. Unless otherwise required by applicable law, Swiss Life assumes no responsibility to publicly update or alter its forward-looking statements or to adapt them, whether as a result of new information, future events or developments or any other reason.



SwissLife
The future starts here.