

Zurich, 4 August 2005

## **Application of IFRS rule changes produces no material changes in Swiss Life Group's 2004 financial statements**

**The application of new and amended reporting principles (International Financial Reporting Standards – IFRS) did not lead to any material changes in the Swiss Life Group's consolidated financial statements for 2004. The restated net result for the 2004 financial year comes to CHF 606 million (previously: CHF 624 million), while shareholders' equity amounts to CHF 6.3 billion as per 31 December 2004 (previously: CHF 6.7 billion). At the same time the Swiss Life Group has simplified its segment reporting and adapted it to the management structure.**

The Swiss Life Group has been presenting its annual financial statements in compliance with IFRS since financial year 2000. Revised and new reporting standards in force since 1 January 2005 make a restatement of the 2004 accounts necessary.

### **Net result now CHF 606 million for 2004**

The restated net result for the 2004 financial year comes to CHF 606 million, instead of the previously reported CHF 624 million. Under the new rules the financial result went up by CHF 120 million. Moreover, minority interests are included in the net result from now on (2004: CHF 27 million). Against this, the positive CHF 164 million one-off impact resulting from the reduction in the pension conversion rate and the introduction of the statutory minimum payout ratio for the occupational pension business in Switzerland was removed from the net result.

### **Return on equity unchanged at 10.7%**

The restatement led to a change in shareholders' equity from CHF 6697 million to CHF 6277 million. This reduction was mainly due to the reclassification of the MCS I convertible bond (mandatory convertible securities) from equity to debt. This effect will be reversed, however, when the MCS I is converted into shares upon falling due in December of this year. Other, smaller changes in the figures reflect the reclassification of financial instruments, the derecognition of deferred acquisition costs, additional amortisation of financial instruments via equity, and the elimination of own insurance contracts.

Swiss Life achieved a return on equity of 10.7% for 2004 under the altered reporting guidelines as well as the previous rules.

### **Simplified segment structure**

In parallel with the adjustment to the new rules, the Swiss Life Group simplified its segment reporting following the successful realignment of its business focus. The segment structure is now guided by the management structure and consists of the Insurance, Banking, Investment Management and Other segments.

### **Telephone conference and additional documentation**

A telephone conference for investors and financial analysts will be held today in English at 9:00 am (dial-in number: +41 91 610 56 00; for UK: +44 207 107 06 11). The presentation is available at [www.swisslife.com](http://www.swisslife.com).

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## **Swiss Life**

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

Swiss Life Holding, registered in Zurich, dates back to the Swiss Life Insurance and Pension Company founded in 1857. Shares of Swiss Life Holding are listed on the SWX Swiss Exchange (SLHN). The Swiss Life Group employs a staff of around 10 000 people.

### **Cautionary statement regarding forward-looking information**

This publication contains specific forward-looking statements, e.g. statements including terms like "believe", "assume", "expect" or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence between the actual results, financial situation, development or performance of the company and those explicitly or implicitly presumed in these statements. Against the background of these uncertainties readers should not place undue reliance on forward-looking statements. The company assumes no responsibility to update forward-looking statements or to adapt them to future events or developments.

## Consolidated Statement of Income (unaudited)

### Consolidated statement of income for the year ended 31 December (unaudited)

In CHF million	2004	2004
	restated	prior to restatement, reclassified
<b>Income</b>		
Insurance premiums earned	15 520	15 749
Insurance premiums ceded	-863	-863
Net earned insurance premiums	14 657	14 886
Policy fees arising from insurance contracts	167	376
Premiums earned on investment contracts	58	-
Fee income	670	448
Investment income	5 378	5 465
Net gains/losses on financial assets	1 087	1 157
Net gains/losses on financial instruments at fair value through profit or loss	513	237
Net gains/losses on investment property	-47	-47
Other income	-155	-184
<b>Total income</b>	<b>22 328</b>	<b>22 338</b>
<b>Expenses</b>		
Insurance benefits, claims and claims settlement costs	-16 013	-16 217
Insurance benefits, claims and claims settlement costs ceded to reinsurers	638	638
Net insurance benefits, claims and claims settlement costs	-15 375	-15 579
Policyholder participation	-1 553	-1 364
Interest expense	-911	-990
Commission expense	-970	-970
Employee benefits expense	-1 257	-1 167
Depreciation and amortisation expense	-687	-696
Impairment of property and equipment and intangible assets	-174	-174
Acquisition and origination costs deferred	576	612
Other expenses	-829	-811
<b>Total expenses</b>	<b>-21 180</b>	<b>-21 139</b>
<b>Net result from operations</b>	<b>1 148</b>	<b>1 199</b>
Borrowing costs	-208	-193
Share of results of associates	3	3
<b>Net result before income tax</b>	<b>943</b>	<b>1 009</b>
Income tax expense	-337	-358
<b>Net result</b>	<b>606</b>	<b>651</b>
<i>Net result attributable to</i>		
Equity holders of the parent		
Other reserves	579	624
Minority interest	27	27
<b>Net result</b>	<b>606</b>	<b>651</b>
Basic earnings per share for profit or loss attributable to the ordinary equity holders of the parent entity	18.57	22.73
Diluted earnings per share for profit or loss attributable to the ordinary equity holders of the parent entity	18.28	20.50

**Consolidated Balance Sheet (unaudited)****Consolidated balance sheet as at 31 December (unaudited)**

In CHF million	2004	2004
	restated	prior to restatement, reclassified
<b>Assets</b>		
Cash and cash equivalents	8 649	8 649
Insurance and other receivables	4 669	4 667
Derivatives	1 643	1 692
Financial assets at fair value through profit or loss	19 363	9 325
Financial assets available for sale	77 978	95 541
Loans	29 655	20 771
Financial assets held to maturity	4 147	6 339
Financial assets pledged as collateral	878	-
Investment property	11 518	11 518
Investments in associates	58	58
Reinsurance assets	1 031	1 031
Property and equipment	1 237	1 237
Intangible assets including intangible insurance assets	3 407	3 654
Current income tax assets	14	14
Deferred income tax assets	30	553
Non-current assets held for sale	-	-
Other assets	459	564
<b>Total assets</b>	<b>164 736</b>	<b>165 613</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Insurance and other payables	4 225	4 248
Derivatives	930	649
Financial liabilities at fair value through profit or loss	4 939	6 615
Investment contracts with discretionary participation	19 988	-
Investment contracts and deposits at amortised cost	8 181	7 162
Borrowings	6 313	6 149
Insurance liabilities	103 068	130 408
Discretionary participation liabilities	5 680	-
Defined benefit liabilities	2 594	513
Current income tax liabilities	287	287
Deferred income tax liabilities	1 155	1 684
Provisions	193	193
Liabilities associated with non-current assets held for sale	-	-
Other liabilities	693	797
<b>Total liabilities</b>	<b>158 246</b>	<b>158 705</b>
<b>Equity</b>		
Share capital	1 689	1 689
Share premium	2 213	2 425
Less: treasury shares	-38	-38
Other reserves	2 413	2 621
<b>Total shareholders' equity</b>	<b>6 277</b>	<b>6 697</b>
Minority interest	213	211
<b>Total equity</b>	<b>6 490</b>	<b>-</b>
<b>Total liabilities and equity</b>	<b>164 736</b>	<b>165 613</b>

**Restated New Segment Structure (unaudited)****Restated statement of income for the year ended 31 December 2004 (unaudited)**

In CHF million	Insurance	Banking	Investment Management	Other	Eliminations	Total
Insurance premiums earned	15 547	-	-	-	-27	15 520
Insurance premiums ceded	-863	-	-	-	-	-863
Net earned insurance premiums	14 684	-	-	-	-27	14 657
Policy fees arising from insurance contracts	167	-	-	-	-	167
Premiums earned on investment contracts	58	-	-	-	-	58
Fee income	325	289	151	6	-101	670
Investment income	5 126	240	1	35	-24	5 378
Net gains/losses on financial assets	1 110	-25	0	2	-	1 087
Net gains/losses on financial instruments at fair value through profit or loss	466	46	1	0	-	513
Net gains/losses on investment property	-47	-	-	-	-	-47
Other income	-164	19	9	3	-22	-155
<b>Total income</b>	<b>21 725</b>	<b>569</b>	<b>162</b>	<b>46</b>	<b>-174</b>	<b>22 328</b>
<i>of which inter-segment</i>	<i>64</i>	<i>11</i>	<i>66</i>	<i>33</i>	<i>-174</i>	
Insurance benefits, claims and claims settlement costs	-16 044	-	-	-	31	-16 013
Insurance benefits, claims and claims settlement costs ceded to reinsurers	638	-	-	-	-	638
Net insurance benefits, claims and claims settlement costs	-15 406	-	-	-	31	-15 375
Policyholder participation	-1 555	-	-	-	2	-1 553
Interest expense	-860	-53	-	0	2	-911
Commission expense	-956	-15	-21	0	22	-970
Employee benefits expense	-996	-205	-49	-1	-6	-1 257
Depreciation and amortisation expense	-617	-70	0	0	-	-687
Impairment of property and equipment and intangible assets	-174	-	-	-	-	-174
Acquisition and origination costs deferred	576	-	-	-	-	576
Other expenses	-699	-153	-33	-39	95	-829
<b>Total expenses</b>	<b>-20 687</b>	<b>-496</b>	<b>-103</b>	<b>-40</b>	<b>146</b>	<b>-21 180</b>
<i>of which inter-segment</i>	<i>-146</i>	<i>24</i>	<i>-16</i>	<i>-8</i>	<i>146</i>	
<b>Segment result</b>	<b>1 038</b>	<b>73</b>	<b>59</b>	<b>6</b>	<b>-28</b>	<b>1 148</b>
<i>of which inter-segment</i>	<i>-82</i>	<i>35</i>	<i>50</i>	<i>25</i>	<i>-28</i>	
Borrowing costs	-171	-33	0	-32	28	-208
Share of results of associates	3	0	0	-	-	3
Income tax expense						-337
<b>Net result</b>						<b>606</b>

## Consolidated Statement of Income (unaudited)

### Consolidated statement of income for the half-year ended 30 June (unaudited)

In CHF million	2004 HY	2004 HY
	restated	prior to restatement, reclassified
<b>Income</b>		
Insurance premiums earned	9 464	9 536
Insurance premiums ceded	-599	-599
Net earned insurance premiums	8 865	8 937
Policy fees arising from insurance contracts	87	176
Premiums earned on investment contracts	-	-
Fee income	348	243
Investment income	2 634	2 696
Net gains/losses on financial assets	265	246
Net gains/losses on financial instruments at fair value through profit or loss	82	-156
Net gains/losses on investment property	-51	-59
Other income	32	27
<b>Total income</b>	<b>12 262</b>	<b>12 110</b>
<b>Expenses</b>		
Insurance benefits, claims and claims settlement costs	-9 350	-9 429
Insurance benefits, claims and claims settlement costs ceded to reinsurers	442	442
Net insurance benefits, claims and claims settlement costs	-8 908	-8 987
Policyholder participation	-864	-621
Interest expense	-426	-446
Commission expense	-442	-442
Employee benefits expense	-616	-581
Depreciation and amortisation expense	-312	-309
Impairment of property and equipment and intangible assets	-3	-3
Acquisition and origination costs deferred	280	291
Other expenses	-376	-374
<b>Total expenses</b>	<b>-11 667</b>	<b>-11 472</b>
<b>Net result from operations</b>	<b>595</b>	<b>638</b>
Borrowing costs	-81	-74
Share of results of associates	2	2
<b>Net result before income tax</b>	<b>516</b>	<b>566</b>
Income tax expense	-158	-153
<b>Net result</b>	<b>358</b>	<b>413</b>
<i>Net result attributable to</i>		
Equity holders of the parent		
Other reserves	343	398
Minority interest	15	15
<b>Net result</b>	<b>358</b>	<b>413</b>
Basic earnings per share for profit or loss attributable to the ordinary equity holders of the parent entity	11.95	15.91
Diluted earnings per share for profit or loss attributable to the ordinary equity holders of the parent entity	11.90	15.50

## Restated New Segment Structure (unaudited)

### Restated statement of income for the half-year ended 30 June 2004 (unaudited)

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