

Zurich, 5 April 2005

## **Swiss Life achieved a net profit in 2004 of CHF 624 million with 8% growth in premiums**

The Swiss Life Group increased its net profit from CHF 233 million in the previous year to CHF 624 million in 2004. Earnings per share came to CHF 20.50 (2003: CHF 8.83). For the first time in the history of the company, premium volume exceeded CHF 20 billion. The gross written premiums amounting to CHF 20.3 billion represented a growth rate of 8%. The Group's financial strength was reinforced. Equity rose by 35% to CHF 6.7 billion. The return on equity worked out at 10.7%, double that of the previous year. On the basis of these good results, the Board of Directors will propose that the General Meeting on 10 May 2005 approve a dividend of CHF 4 per share – after three financial years without a distribution of profit – in the form of a repayment of par value.

The Swiss Life Group last year continued the path it began in the fall of 2002 and achieved a good annual result. Net profit worked out at CHF 624 million (2003: CHF 233 million). That translates into earnings per share of CHF 20.50 (2003: CHF 8.83) and a return on equity of 10.7% (2003: 5.3%) Operating income before amortisation of goodwill worked out at CHF 1252 million (2003: CHF 557 million). Swiss Life achieved such marked improvement thanks to an excellent financial result, lower costs despite the appreciable premium growth, and pricing in line with the attendant risks. All segments and countries contributed to this most welcome outcome. In the words of Rolf Dörig, Chief Executive Officer: "Swiss Life is gaining momentum. We made a substantial improvement in our results in 2004, while gaining market share and further reinforcing our financial strength. By combining the life insurance business of «La Suisse» with Swiss Life, and selling the other «La Suisse» business lines, we have completed the last important step of refocusing our business. We have reached an important milestone along our chosen path and can view the future with confidence."

### **Gross premium income tops CHF 20 billion for first time**

Swiss Life boosted its gross written premiums by 8% in 2004, to more than CHF 20.3 billion. It profited from significantly greater demand for pension products in France and Germany, recording premium growth in those two markets of 18% and 8%, respectively. Swiss Life expanded its market share in both countries. In its domestic market of Switzerland, Swiss Life also achieved premium growth again (+8%) while recapturing lost market share after the previous year's decline (-19%). The ratio of premium volume generated in Switzerland compared with that abroad was around 40:60.

### **Excellent financial result**

The financial result, at CHF 6.7 billion, was 14% higher than the previous year. This outstanding performance can be particularly attributed to capital gains realised on fixed-interest investments. On the one hand, asset maturities were extended once again in the context of asset and liability management in order to continue narrowing the average duration gap between assets and liabilities and to reduce the economic risk of interest rate fluctuation in the balance sheet. And on the other, selected opportunities opened up by the historically low interest rates in the financial markets were seized in the second half of the year. The return on insurance portfolio investments came to 6.4% (previous year: 4.7%). The net equity exposure was raised in connection with the increased risk capacity and stood at 5.0% as of 31 December 2004 (2003: 2.1%).

### **Clearly higher policyholder bonuses and participation in surplus**

Insurance benefits including changes in insurance reserves remained unchanged from the previous year at CHF 15.7 billion. The increase of CHF 878 million in insurance benefits paid, for a total of CHF 15.2 billion, was offset by the change in insurance reserves. The amount for policyholder bonuses and participation in surplus was around 56% higher at CHF 1.4 billion.

### **Costs further reduced despite premium growth**

After managing to exceed the cost-savings targets it set for the end of 2004 by the end of 2003, Swiss Life was able to further reduce operating costs in the year under review by an additional CHF 110 million, or 5%. Overall operating expenses decreased 3% to CHF 2.8 billion. As of the end of 2004 the Swiss Life Group employed a workforce of 9419 on a full-time equivalent basis (2003: 10 015).

### **Equity increased by 35% – solvency margin 195%**

Equity stood at CHF 6.7 billion on 31 December 2004. The increase of 35% compared with the end of 2003 can be attributed partly to the profit generated, but above all to the capital increase totalling CHF 917 million that took place in June 2004. Core capital for capital adequacy purposes, which includes deferred Group-related funds in addition to equity capital per se, improved by 39% to stand at CHF 12.3 billion. Goodwill was further reduced by CHF 243 million. The solvency margin of the Swiss Life Group came to 195% as of 31 December 2004 (2003: 133%).

### **Embedded value per share equals CHF 235**

Embedded value, which serves as an indicator of the value of the existing insurance portfolio, rose by 15% at the Swiss Life Group in 2004 to CHF 7.9 billion. The capital increase of June 2004 contributed CHF 860 million to the growth in embedded value. The conservative assumptions concerning investment income used in calculating embedded value led to a positive contribution of about CHF 800 million, as investment income achieved in 2004 lay considerably above the assumptions in the model. At the same time, the assumptions for projected investment returns were further reduced due to developments on the financial markets. This, in turn, adversely affected embedded value by around CHF 500 million. The result as of 31 December 2004 was an embedded value per share of CHF 235.

### **Swiss Life's ambition: pensions leadership**

In 2003 and 2004, the focus of Swiss Life management was on getting the company back on a solid footing. The business model was successfully adapted to the changed conditions: Swiss Life concentrated on its core business, reduced costs, adapted product terms and conditions to economic and demographic realities, implemented an integrated risk management approach with Group-wide asset and liability management, and strengthened its capital base. Swiss Life has set itself an ambitious objective for the years ahead: to achieve a position of pensions leadership. The company wants to set the standards in terms of the quality of advice, products and service. Successful relationships with customers should also make Swiss Life a solid and profitable investment for shareholders. Rolf Dörig confirmed the company's intentions in this connection: "We want to achieve growth that is at least 1% above the market average wherever we operate. We intend to achieve this by an even greater focus on our customers' needs and satisfaction. Along with even greater efficiency, we want to achieve a sustainable return on equity of more than 10%. This is how we will

put ourselves in a position to pay our shareholders a dividend in the future that is at or above this year's level."

### **Transmission of today's event and further documentation**

Today's events scheduled for 08.00 (presentation to analysts and investors, in English) and 10.30 (presentation for the media, in German) can be followed by visiting [www.swisslife.com](http://www.swisslife.com). All additional documentation concerning the financial statements can likewise be found there.

### **Information**

#### **Media Relations**

Telephone +41 43 284 77 77  
[media.relations@swisslife.ch](mailto:media.relations@swisslife.ch)

#### **Investor Relations**

Telephone +41 43 284 52 76  
[investor.relations@swisslife.ch](mailto:investor.relations@swisslife.ch)

[www.swisslife.com](http://www.swisslife.com)

### **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.

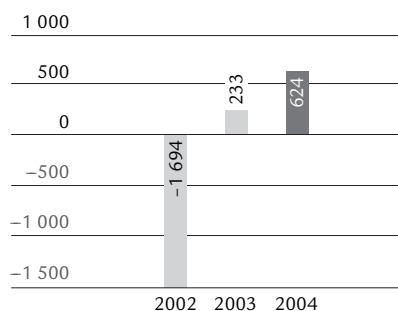
Swiss Life Holding, registered in Zurich, dates back to the Swiss Life Insurance and Pension Company founded in 1857. Shares of Swiss Life Holding are listed on the SWX Swiss Exchange (SLHN). The Swiss Life Group employs a staff of around 10 000 people.

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

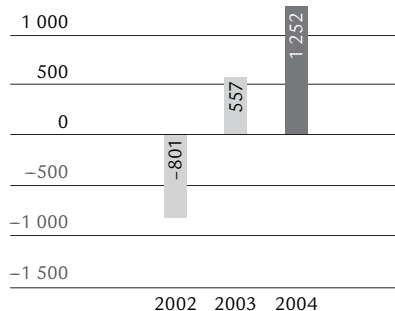
This publication contains specific forward-looking statements, e.g. statements including terms like "believe", "assume", "expect" or similar expressions. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors which may result in a substantial divergence 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.

## Key Figures 2004

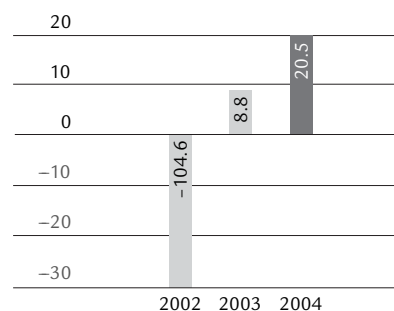
**Net result** CHF million



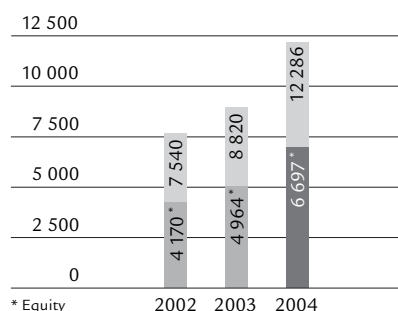
**Operating result<sup>1)</sup>** CHF million



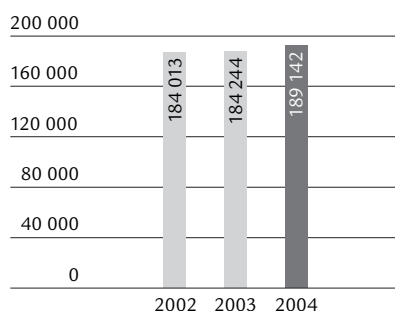
**Earnings per share** CHF



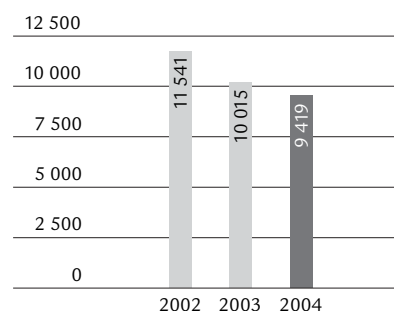
**Core capital** CHF million



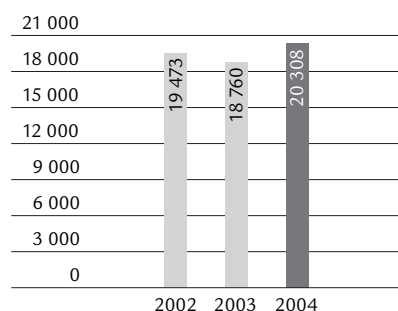
**Assets under management** CHF million



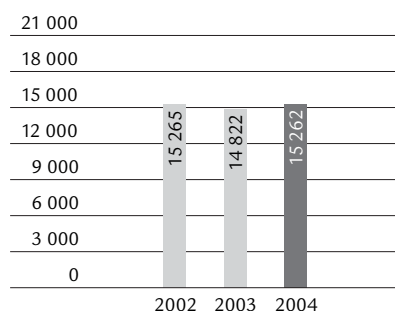
**Employees** (full-time equivalents)



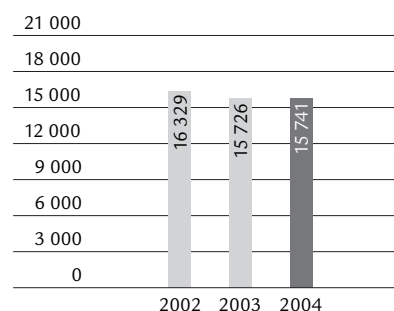
**Gross written premiums<sup>2)</sup>** CHF million



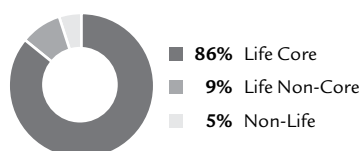
**Net earned premiums and policy fees** CHF million



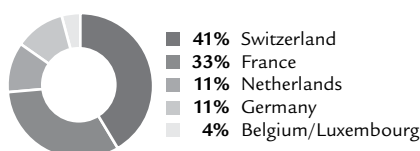
**Benefits paid and changes in insurance reserves** CHF million



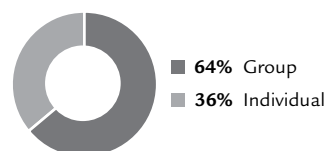
**Gross written premiums by segment<sup>2,3)</sup>**



**Gross written premiums Life Core by country<sup>2,3)</sup>**



**Direct premiums and policy fees Life Core<sup>3)</sup>**



1) Before goodwill amortisation

2) Gross written premiums incl. deposits under investment contracts

3) On consolidated basis

## Consolidated Statement of Income

### Consolidated statement of income for the years ended 31 December

In CHF million	2004	2003
<b>Revenue</b>		
Net earned premiums and policy fees	15 262	14 822
Net investment income	5 465	5 546
Net realised and unrealised gains/losses on investments	965	334
Share of results of associates	3	6
Net trading income	237	-50
Investment management, banking and other fee income	448	553
Other income	-38	-123
<b>Total revenue</b>	<b>22 342</b>	<b>21 088</b>
<b>Benefits, losses and expenses</b>		
Net benefits paid and changes in insurance reserves	-15 741	-15 726
Policyholder bonuses and participation in surplus	-1 363	-871
Interest credited to investment contracts, customer deposits and other funds on deposit	-926	-818
Interest on borrowings	-193	-177
Other interest expenses	-64	-59
Investment management and banking expenses	-565	-635
Insurance-underwriting and policy-acquisition costs	-1 497	-1 546
Other operating and administrative expenses	-741	-699
Amortisation of goodwill	-243	-80
<b>Total benefits, losses and expenses</b>	<b>-21 333</b>	<b>-20 611</b>
<b>Net result before tax and minority interests</b>	<b>1 009</b>	<b>477</b>
Income tax expenses	-358	-202
<b>Net result before minority interests</b>	<b>651</b>	<b>275</b>
Minority interests	-27	-42
<b>Net result</b>	<b>624</b>	<b>233</b>
Basic earnings per share (in CHF) *	22.73	9.68
Diluted earnings per share (in CHF) *	20.50	8.83

\* Year-end 2003 figures adjusted to reflect the rights issue of June 2004

## Consolidated Balance Sheet

### Consolidated balance sheet as of 31 December

In CHF million	2004	2003
<b>Assets</b>		
<b>Investments</b>		
Held-to-maturity investments	6 339	5 317
Available-for-sale investments	95 541	88 906
Financial assets held for trading	3 045	3 024
Investment property	11 514	11 082
Loans originated by the enterprise	20 771	25 600
Investments in associates	58	64
<b>Total investments</b>	<b>137 268</b>	<b>133 993</b>
Cash and cash equivalents	8 304	6 250
Insurance and other receivables	4 469	4 715
Reinsurance assets	1 229	1 608
Deferred acquisition costs	2 755	2 793
Property and equipment	1 237	1 468
Goodwill and other intangible assets	899	1 071
Deferred tax assets	553	944
Other assets	722	978
Separate account (unit-linked) assets	8 177	8 658
<b>Total assets</b>	<b>165 613</b>	<b>162 478</b>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
Financial liabilities held for trading	1 165	1 225
Investment contracts, customer deposits and other funds on deposit	31 269	29 352
Insurance reserves	104 166	103 862
Borrowings	6 149	5 802
Deferred tax liabilities	1 684	1 825
Insurance and other payables	4 248	4 779
Provisions	193	258
Other liabilities	1 639	1 522
Separate account (unit-linked) liabilities	8 192	8 674
<b>Total liabilities</b>	<b>158 705</b>	<b>157 299</b>
<b>Minority interests</b>	<b>211</b>	<b>215</b>
<b>Equity</b>		
Share capital	1 689	1 252
Share premium	2 425	1 948
Treasury shares	-38	-21
Gains/losses recognised directly in equity, net	931	714
Foreign currency translation differences	-117	-117
Retained earnings	1 807	1 188
<b>Total equity</b>	<b>6 697</b>	<b>4 964</b>
<b>Total liabilities and equity</b>	<b>165 613</b>	<b>162 478</b>