Restatement of 2004 figures due to IFRS/IAS changes

Investors' Presentation

Zurich, 4 August 2005

No material impact of 2004 restatement

- Net result from CHF 624 million reported
  to CHF 606 million restated

- Shareholders’ equity from CHF 6 697 million reported
  to CHF 6 277 million restated

- ROE unchanged at 10.7%

Swiss Life applies IFRS/IAS since 2000

IFRS/IAS has changed as at January 1, 2005:

- IFRS 4 - new standard for insurance contracts
- Revision of IAS 32 / IAS 39 Financial Instruments
- 4 other new standards (IFRS 1, IFRS 2, IFRS 3, IFRS 5)
- Various other revised standards

Restatement effects on net result

Net result for 2004 restated at CHF 606 million versus the reported CHF 624 million:

- Own insurance contracts have been eliminated (IFRS 4)
- Improved financial result through reclassification of financial assets, mainly equity securities from **A**vailable **F**or **S**ale to **F**air **V**alue through **P**rofit or **L**oss (IAS 39)
- One-off effects are no longer reflected in net result (IFRS 4)
- Net result now reported including minority interests (IAS 1)

Restatement of full-year 2004 net result

In CHF million

Net result as previously reported	**624**
Net earned premiums, policy fees and fee income	-158
Net insurance benefits, claims and claims settlement costs, policyholder participation (excl. one-off effects)	179
Interest expense on investment contracts	78
Employee benefit expense	-90
Financial result	120
One-off effects (“legal quote” and conversion rate)	-164
Other items	-10
Net result attributable to shareholders, restated	579
Minority interests	27
Net result, restated	**606**

Restatement effects on shareholders' equity

Shareholders' equity restated for 2004 at CHF 6 277 million versus the reported CHF 6 697 million:

- Reclassification of mandatory convertible securities (MCS I) from equity to liabilities (IAS 32)
- Reclassification of available-for-sale financial assets to financial assets designated as at fair value through profit or loss and to loans (IAS 39)
- Revised impairment provisions for equity securities and investment funds (IAS 39)
- Due to new treatment of unit-linked contracts and investment contracts, deferred acquisition costs and unearned revenue reserves are replaced by lower capitalised investment management costs/fees (IFRS 4/IAS 18)
- Elimination of own insurance contracts covering own employees (defined benefit plans) (IFRS 4)

Restatement effect on shareholders' equity

In CHF million

	01.01.2004	Change during reporting period	31.12.2004
Shareholders' equity reported	**4 964**	**1 733**	**6 697**
IAS 32 (Mandatory Convertible I)	-230		
IAS 39	-374		
IFRS 4 (IAS 18)	-46		
SOP 03-1	-54		
Less amounts attributable to policyholder participation, deferred taxes etc.	301		
Shareholders' equity restated	**4 561**	**1 716**	**6 277**

Segment reporting aligned with management structure

- Segment reporting aligned with management structure after finalised divestitures
  - “Life Core“ / “Life Non-Core“ / “Non-Life“ now combined in “Insurance“ with new segments in line with management responsibility

- Main restatement impact on segment reporting:
  - Segment results now include goodwill amortisation / impairment
  - Segment results now exclude borrowing costs

Restatement of segment results

In CHF million (IFRS basis)

	YE 2004 reported	YE 2004 restated
Insurance	1 078	1 038
Banking	96	73
Investment management	67	59
Other	11	6
Borrowing costs (Inter-segment elimination)	NA	-28
Operating result	**1 252**	**1 148**

Concluding remarks

- Adoption of new and revised standards with no material impact on the financial statements
- Segment reporting aligned with management structure
- Changes do not affect business fundamentals:
  - No change in “real” cash flows
  - No change in Embedded Value

Supplementary information

Discretionary Participation Features[1] (1/3)

Some insurance contracts contain a discretionary participation features as well as a guaranteed element. The issuer of such a contract:

(a) may, but need not, recognise the guaranteed element separately from the discretionary participation features. If the issuer does not recognise them separately, it shall classify the whole contract as a liability. If the issuer classifies them separately, it shall classify the guaranteed element as a liability.

(b) shall, if it recognises the discretionary participation features separately from the guaranteed element, classify that features as either a liability or a separate component of equity. The IFRS does not specify how the issuer determines whether that features is a liability or equity. The issuer may split that features into liability and equity components and shall use a consistent accounting policy for that split. The issuer shall not classify that features as an intermediate category that is neither liability nor equity.

1) IFRS 4 Insurance Contracts paragraph 34

IFS 4 Discretionary Participation Features (2/3)

- Policyholder bonuses in the participating insurance business (insurance and investment contracts) generally follow the definition of DPF as set out in IFRS 4 Insurance Contracts.
- IFRS 4 Insurance Contracts is silent on the measurement of the DPF component (valuation differences).
- The amounts identified as DPF have been split between liabilities and equity. The split has been made as follows:
  - Business with statutory minimum distribution ratio ("legal quote") is treated as Liability for Discretionary Participation[1)]
  - Business without statutory minimum distribution ratio ("legal quote") is treated within shareholders' equity [2)]

1) Switzerland (group business subject to "legal quote"), France, Germany, Netherlands and Italy
2) Switzerland (all other business), Belgium and Luxembourg

IFRS 4 Discretionary Participation Features (3/3)

- The amounts within shareholders' equity - subject to DPF - are included in 'other reserves'.
- At the moment no international consensus has been reached on the interpretation regarding the extent of recognition of these amounts and different models are used within the industry. Therefore for the time being the comparability of financial statements within the insurance industry is substantially limited.
- On the basis of the chosen model as described on the previous slide shareholders' equity is not affected and will remain unchanged even when other reserves are disclosed in detail.
- A detailed disclosure of 'other reserves' will be provided with the year-end financial statements.

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