Zurich, 7 September 2004

Swiss Life with premium growth and CHF 398 million in net profit for first-half 2004

Swiss Life improved its result significantly compared to the first half of 2003 and saw premium income back on the growth path again. The Swiss Life Group generated a net profit of CHF 398 million, which works out at earnings per share of CHF 15.91. This clear advance over the result for the corresponding period of the previous year was due to further operating improvements and a one-off impact amounting to CHF 164 million. Premium volume was 1% higher than in the same period of the previous year at CHF 12.0 billion. Equity capital stood at CHF 5.8 billion on 30 June 2004, representing a 17% increase in the first half of 2004. The return on equity worked out at 15.3%, adjusted for the one-off impact at 8.9%.

The Swiss Life Group's profit in the first half of 2004 worked out at CHF 398 million (first-half 2003: CHF 66 million), which equates to earnings per share of CHF 15.91. On top of the profit contribution made by operational improvements in all core markets, a one-time impact resulting from a combination of the reduction in the conversion rate for supplementary occupational benefits and the introduction of a statutory distribution ratio (known in Switzerland as the "legal quote") also added CHF 164 million to profits. Operating income came to CHF 605 million (first-half 2003: CHF 207 million). The annualised return on equity for the first half of 2004 came in at 15.3%, or 8.9% after adjusting for the one-off impact. In the words of Rolf Dörig, Chief Executive Officer: "We have systematically moved forward along the path we charted out nearly two years ago and can report further operational progress in all areas in the first half of 2004."

Gross premiums (including deposits made under investment contracts) rose by 1% to CHF 12.0 billion. The premium growth in Swiss Life's three biggest markets − Switzerland (+3%), France (+16%) and Germany (+8%) − was particularly gratifying.

The **financial result** came to CHF 2.7 billion. This decline of 7% from the prior-year figure is mainly attributable to currency effects and hedging costs. The direct return on investments for the first half of the year (not annualised) came to 2.1%. The net equity exposure was 2.3% as of 30 June 2004, slightly above the figure for 31 December 2003 (2.1%).

Insurance benefits including changes in insurance reserves fell by 11% from the year-ago figure to stand at CHF 9.1 billion. Insurance benefits paid went up 7%, mainly due to contract terminations by major customers in Switzerland. Changes in insurance reserves for future benefits fell from CHF 1.6 billion to CHF 108 million. The reasons for this decrease are to be found in the special situation last year related to the conclusion of a contract with a Dutch construction company for a single premium of EUR 570 million, which involved a corresponding amount of future liabilities, along with the reduction of the conversion rate for occupational pensions in Switzerland. Total policyholder bonuses and participations in surplus rose 39% to CHF 621 million, reflecting higher bonus allocations in France and Germany in particular.

Operating expenses fell by 11% to CHF 1.3 billion from the corresponding period of the previous year. Adjusted for one-time impacts and currency effects, this meant a further reduction of 6% in operating costs for the first half of 2004 thanks to strict cost management. As of 30 June 2004 the Swiss Life Group employed a workforce of 9740 on a full-time equivalent basis (end 2003: 10 015).

Equity expanded by CHF 858 million (+17%) in the first half of 2004 to CHF 5.8 billion. The negative effect of the change in revaluation reserves (CHF 245 million) and of the introduction of the statutory distribution ratio (CHF 197 million) was set against the growth produced by the capital increase (CHF 917 million net) together with the profit for the period.

The Swiss Life Group's **embedded value** rose from CHF 6.9 billion to CHF 8.2 billion (+ 18%), which works out at CHF 242 per share. Some 70% of the increase was accounted for by the share issue concluded in June (CHF 860 million). New business written contributed CHF 31 million to the increase in embedded value. The net margin on new business came to 7.4% (previous year's period: 4.1%).

Results by segment

Swiss Life not only achieved a significant increase in the operating result for its **Life Core** segment, which stood at CHF 327 million (against the year-earlier figure of CHF 93 million), but also generated gratifying premium growth in four out of five core markets: Switzerland up 3%, France up 16%, Germany up 8% and Belgium/Luxembourg up 27%.

Premium income declined only in the Netherlands, where it was down 51% from the corresponding period of the previous year, in which the volume doubled as the result of a single premium of EUR 570 million on a contract with the pension fund of a Dutch construction company. Without this impact in the previous year, and after adjustment for the positive currency effect, premium growth in the Life Core segment came to 5%. Overall income from gross written premiums amounted to CHF 9972 million. Operating expenses decreased 6% to CHF 875 million.

In the **Life Non-Core** segment («La Suisse», UK and Italy) the operating result came to CHF 140 million, or CHF 60 million higher than the figure for first half 2003. The reduction in the conversion rate and introduction of the statutory distribution ratio in Switzerland as of 1 January 2004 had a one-time positive impact at «La Suisse» of CHF 50 million, before taxes. The 28% increase in gross premiums written to a total of CHF 1344 million was a result of the single premium from the assumption by «La Suisse» of full responsibility for management of the BVG Contingency Fund as of 1 January 2004. Operating expenses fell by 37% to CHF 64 million, primarily due to the sale of operations in Spain and the halt to the writing of new business in the UK.

Operating income in the **Non-Life** segment amounted to CHF 5 million. The decline of CHF 12 million from the corresponding period of the previous year is attributable to the lower financial result. Premium volume, at CHF 673 million, remained at the year-ago level due to a conservative underwriting policy and the focus on profitability.

In the **Private Banking** segment the Swiss Life Group generated a profit of CHF 73 million in the first half of 2004, compared to the loss of CHF 66 million in the same period of 2003 resulting from the sale of STG Schweizerische Treuhandgesellschaft. Banca del Gottardo turned in a first-half operating profit (before extraordinary items and taxes) of CHF 60 million under local accounting practices, for an improvement of 11% year-on-year. The bank's net revenues rose slightly to CHF 239 million, aided in particular by commission and service fee activities which generated income amounting to CHF 129 million (12% above the prior-year figure). Banca del Gottardo's operating expenses totalled CHF 152 million, about 6% higher than the year-ago figure. This was primarily attributable to the first-time consolidation of subsidiary Oudart SA, Paris and the further expansion of the bank's presence in Italy. Depreciation and provisions fell by 33% to CHF 28 million francs. Operating expenses in the private banking segment went down 15% to CHF 189 million as a result of the sale of STG. Assets under management increased by 2.6% in the first half of 2004 to stand at CHF 42.6 billion.

Swiss Life's **Investment Management** segment generated a profit of CHF 47 million for the first half of the year. The 22% decline in the operating result, against the corresponding prior-year figure, was due to lower fee income and a lower financial result. Operating costs came to CHF 58 million, a contraction of 22% from the corresponding 2003 figure. This reduction was due both to divestments and to the success of the efficiency drive. Assets under management increased by 4% in the first half of 2004 to stand at CHF 100.7 billion.

Changes on the Corporate Executive Board with effect from 1 January 2005

René van der Smeede, Head of International Markets, who has been with the Swiss Life Group since 1998, will devote himself to personal interests at the end of the current year, as has been planned for some time. René van der Smeede originally intended to retire at the end of 2002, but, at Rolf Dörig's request, he agreed to stay on for another two years, taking up a seat on the Corporate Executive Board with responsibility for the Group's international markets. Rolf Dörig: "I am extremely grateful to René van der Smeede for lending us his support during this especially challenging phase of strategic realignment through his knowledge, his many years of experience and his personality." With the departure of René van der Smeede, the national CEOs will report directly to Rolf Dörig with effect from 1 January 2005.

Transmission of today's events 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) will be transmitted via www.swisslife.com. All additional documentation concerning the half-year results can likewise be found on this website.

Information

Media Relations
Tel. +41 43 284 77 77
media.relations@swisslife.ch

Investor Relations
Tel. +41 43 284 52 76
investor.relations@swisslife.ch

www.swisslife.com

Swiss Life

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Swiss Life Holding, registered in Zurich, was founded in 1857 as the Swiss Life Insurance and Pension Company. Shares of Swiss Life Holding are listed on the SWX Swiss Exchange (SLHN). The enterprise employs around 10 000 people worldwide.

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.