

Consolidated financial statements (continued)

Consolidated income statements

in USD millions, for the years ended December 31	Notes	2019	2018
Revenues			
Gross written premiums		48,056	47,038
Policy fees		2,469	2,447
Gross written premiums and policy fees		50,525	49,485
Less premiums ceded to reinsurers		(9,274)	(8,255)
Net written premiums and policy fees		41,251	41,230
Net change in reserves for unearned premiums	10	(949)	(224)
Net earned premiums and policy fees		40,302	41,007
Farmers management fees and other related revenues	26	3,780	3,204
Net investment income on Group investments		5,298	5,387
Net capital gains/(losses) and impairments on Group investments		2,093	901
Net investment result on Group investments	6	7,391	6,288
Net investment result on unit-linked investments		19,485	(4,374)
Net gains/(losses) on divestment of businesses	5	(295)	(24)
Other income		1,129	1,080
Total revenues		71,792	47,180
Benefits, losses and expenses			
Insurance benefits and losses, gross of reinsurance	10	33,620	33,483
Less ceded insurance benefits and losses	10	(6,051)	(5,837)
Insurance benefits and losses, net of reinsurance	10	27,570	27,646
Policyholder dividends and participation in profits, net of reinsurance	10	20,582	(2,736)
Underwriting and policy acquisition costs, net of reinsurance	10	8,529	8,565
Administrative and other operating expense	12	8,020	7,761
Interest expense on debt		401	402
Interest credited to policyholders and other interest		590	433
Total benefits, losses and expenses		65,692	42,070
Net income before income taxes		6,100	5,110
of which: Attributable to non-controlling interests		356	400
Income tax (expense)/benefit	17	(1,716)	(1,134)
attributable to policyholders	17	(365)	183
attributable to shareholders	17	(1,351)	(1,317)
of which: Attributable to non-controlling interests		(119)	(139)
Net income after taxes		4,384	3,977
attributable to non-controlling interests		237	261
attributable to shareholders		4,147	3,716
in USD			
Basic earnings per share	19	28.01	25.10
Diluted earnings per share	19	27.69	24.83
in CHF			
Basic earnings per share	19	27.84	24.55
Diluted earnings per share	19	27.51	24.28

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated financial statements (continued)

Consolidated balance sheets

Assets	in USD millions, as of December 31	Notes	2019	2018
Assets:				
Cash and cash equivalents			7,880	8,649
Total Group investments	6		193,312	182,647
Equity securities			18,296	16,220
Debt securities			147,507	139,870
Investment property			13,261	12,351
Mortgage loans			5,935	6,556
Other loans			8,274	7,614
Investments in associates and joint ventures			39	36
Investments for unit-linked contracts			126,211	109,294
Total investments			319,523	291,940
Reinsurers' share of liabilities for insurance contracts	8		22,752	21,197
Deposits made under reinsurance contracts			726	883
Deferred policy acquisition costs	11		19,207	19,541
Deferred origination costs	11		400	419
Receivables and other assets	15		19,357	18,225
Deferred tax assets	17		1,151	1,125
Assets held for sale ¹	5		2,087	24,124
Property and equipment ²	13		2,635	1,037
Attorney-in-fact contracts	14		1,025	1,025
Goodwill	14		3,610	2,634
Other intangible assets	14		4,333	4,542
Total assets			404,688	395,342

¹ In 2019, the Group reclassified USD 2 billion of assets to held for sale based on agreements signed to sell business in the UK and Germany (see note 5). Net decrease in total assets held for sale by USD 22 billion relates to completion of the sale in the UK. As of December 31, 2018, the Group had USD 24 billion of assets held for sale based on agreements signed to sell business in the UK, Venezuela and Germany (see note 5).

² The increase in property and equipment is mainly due to the establishment of a right-of-use asset upon the adoption of IFRS 16 (see note 2).

Consolidated financial statements (continued)

Liabilities and equity	in USD millions, as of December 31		Notes	2019	2018
Liabilities					
Liabilities for investment contracts	9		61,761	51,439	
Deposits received under ceded reinsurance contracts			994	612	
Deferred front-end fees			5,173	5,177	
Liabilities for insurance contracts	8		264,140	249,208	
Obligations to repurchase securities			977	1,316	
Other liabilities ¹	16		16,567	14,321	
Deferred tax liabilities	17		4,533	3,915	
Liabilities held for sale ²	5		1,996	25,539	
Senior debt	18		5,148	5,237	
Subordinated debt	18		6,852	6,775	
Total liabilities			368,139	363,540	
Equity					
Share capital	19		11	11	
Additional paid-in capital	19		1,235	1,180	
Net unrealized gains/(losses) on available-for-sale investments			3,985	649	
Cash flow hedges			454	363	
Cumulative foreign currency translation adjustment			(9,553)	(9,676)	
Revaluation reserve			223	211	
Retained earnings			38,649	37,452	
Shareholders' equity			35,004	30,189	
Non-controlling interests			1,545	1,613	
Total equity			36,549	31,802	
Total liabilities and equity			404,688	395,342	

¹ The increase in other liabilities is mainly due to the adoption of IFRS 16 'Leases' (see note 2).

² In 2019, the Group reclassified USD 2 billion of liabilities to held for sale based on agreements to sell certain businesses in the UK and Germany (see note 5). Net decrease in total liabilities held for sale by USD 24 billion relates to completion of the sale in the UK. As of December 31, 2018, the Group had USD 26 billion of liabilities held for sale based on agreements to sell certain businesses in the UK, Venezuela and Germany (see note 5).

Consolidated financial statements (continued)

Consolidated statements of cash flows

in USD millions, for the years ended December 31	2019	2018
Cash flows from operating activities		
Net income attributable to shareholders	4,147	3,716
Adjustments for:		
Net (gains)/losses on divestment of businesses	295	24
(Income)/expense from equity method accounted investments	(3)	(1)
Depreciation, amortization and impairments of fixed and intangible assets	967	898
Other non-cash items	248	128
Underwriting activities:	19,597	(8,726)
Liabilities for insurance contracts, gross	11,073	(1,547)
Reinsurers' share of liabilities for insurance contracts	(2,423)	(744)
Liabilities for investment contracts	11,159	(5,424)
Deferred policy acquisition costs	(761)	(1,506)
Deferred origination costs	18	19
Deposits made under assumed reinsurance contracts	154	365
Deposits received under ceded reinsurance contracts	377	110
Investments:	(20,390)	9,752
Net capital (gains)/losses on total investments and impairments	(20,006)	5,274
Net change in derivatives	(347)	(7)
Net change in money market investments	(584)	563
Sales and maturities		
Debt securities	54,248	62,303
Equity securities	61,018	65,915
Other	7,369	7,093
Purchases		
Debt securities	(56,272)	(61,496)
Equity securities	(59,392)	(64,091)
Other	(6,423)	(5,801)
Net changes in sale and repurchase agreements	(361)	(19)
Movements in receivables and payables	718	(1,103)
Net changes in other operational assets and liabilities	(636)	(294)
Deferred income tax, net	302	15
Net cash provided by/(used in) operating activities	4,884	4,388

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

Consolidated financial statements (continued)

in USD millions, for the years ended December 31	2019	2018
Cash flows from investing activities		
Additions to tangible and intangible assets	(752)	(1,152)
Disposals of tangible and intangible assets	114	292
(Acquisitions)/disposals of equity method accounted investments, net	(5)	(17)
Acquisitions of companies, net of cash acquired	(1,672)	(465)
Divestments of companies, net of cash divested	108	(13)
Dividends from equity method accounted investments	1	1
Net cash provided by/(used in) investing activities	(2,206)	(1,352)
Cash flows from financing activities		
Dividends paid	(3,036)	(3,015)
Issuance of share capital	–	2
Net movement in treasury shares	(101)	(957)
Issuance of debt	1,398	3,079
Repayment of debt	(1,367)	(1,566)
Lease principal repayments	(196)	–
Net cash provided by/(used in) financing activities	(3,302)	(2,457)
Foreign currency translation effects on cash and cash equivalents	41	(319)
Change in cash and cash equivalents	(583)	260
Cash and cash equivalents as of January 1	9,110	8,850
Total cash and cash equivalents as of December 31	8,527	9,110
of which: Cash and cash equivalents	7,880	8,649
of which: Unit-linked	647	461
Other supplementary cash flow disclosures		
Other interest income received	4,830	4,851
Dividend income received	1,764	1,993
Other interest expense paid	(907)	(883)
Income taxes paid	(1,534)	(1,598)

Cash and cash equivalents

in USD millions, as of December 31	2019	2018
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	7,989	8,535
Cash equivalents	537	575
Total	8,527	9,110

For the periods ended December 31, 2019 and 2018, cash and cash equivalents held to meet local regulatory requirements were USD 313 million and USD 825 million, respectively.