

## Consolidated income statements

in USD millions, for the years ended December 31

	Notes	2018	2017
<b>Revenues</b>			
Gross written premiums		47,038	46,685
Policy fees		2,447	2,429
Gross written premiums and policy fees		49,485	49,114
Less premiums ceded to reinsurers		(8,255)	(7,977)
Net written premiums and policy fees		41,230	41,136
Net change in reserves for unearned premiums	10	(224)	(79)
Net earned premiums and policy fees		41,007	41,057
Farmers management fees and other related revenues	26	3,204	2,892
Net investment income on Group investments		5,387	5,215
Net capital gains/(losses) and impairments on Group investments		901	2,034
Net investment result on Group investments	6	6,288	7,249
Net investment result on unit-linked investments		(4,374)	11,664
Net gains/(losses) on divestment of businesses	5	(24)	(84)
Other income		1,080	1,183
<b>Total revenues</b>		<b>47,180</b>	<b>63,961</b>
<b>Benefits, losses and expenses</b>			
Insurance benefits and losses, gross of reinsurance	10	33,483	34,894
Less ceded insurance benefits and losses	10	(5,837)	(6,252)
Insurance benefits and losses, net of reinsurance	10	27,646	28,643
Policyholder dividends and participation in profits, net of reinsurance	10	(2,736)	12,984
Underwriting and policy acquisition costs, net of reinsurance	10	8,565	9,039
Administrative and other operating expense	12	7,761	7,212
Interest expense on debt		402	411
Interest credited to policyholders and other interest		433	546
<b>Total benefits, losses and expenses</b>		<b>42,070</b>	<b>58,835</b>
<b>Net income before income taxes</b>		<b>5,110</b>	<b>5,125</b>
of which: Attributable to non-controlling interests		400	459
Income tax (expense)/benefit	17	(1,134)	(1,816)
attributable to policyholders	17	183	(171)
attributable to shareholders	17	(1,317)	(1,645)
of which: Attributable to non-controlling interests		(139)	(154)
<b>Net income after taxes</b>		<b>3,977</b>	<b>3,309</b>
attributable to non-controlling interests		261	305
attributable to shareholders		3,716	3,004
in USD			
Basic earnings per share	19	25.10	20.02
Diluted earnings per share	19	24.83	19.90
in CHF			
Basic earnings per share	19	24.55	19.71
Diluted earnings per share	19	24.28	19.58

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	2018	2017
<b>Assets:</b>				
<b>Cash and cash equivalents</b>			<b>8,649</b>	<b>8,228</b>
Total Group investments	6		182,647	194,084
Equity securities			16,220	17,787
Debt securities			139,870	148,261
Investment property			12,351	12,238
Mortgage loans			6,556	7,047
Other loans			7,614	8,730
Investments in associates and joint ventures			36	21
Investments for unit-linked contracts			109,294	120,699
<b>Total investments</b>			<b>291,940</b>	<b>314,782</b>
Reinsurers' share of liabilities for insurance contracts	8		21,197	20,918
Deposits made under reinsurance contracts			883	1,269
Deferred policy acquisition costs	11		19,541	18,663
Deferred origination costs	11		419	460
Receivables and other assets	15		18,225	18,195
Deferred tax assets	17		1,125	1,076
Assets held for sale <sup>1</sup>	5		24,124	29,371
Property and equipment	13		1,037	961
Attorney-in-fact contracts	14		1,025	1,025
Goodwill	14		2,634	2,353
Other intangible assets	14		4,542	4,762
<b>Total assets</b>			<b>395,342</b>	<b>422,065</b>

<sup>1</sup> In 2018, the Group reclassified USD 24 billion of assets to held for sale based on agreements signed to sell business in the UK, Venezuela and Germany (see note 5). In addition, assets held for sale include land and buildings formerly classified as investment property and held for own use amounting to USD 29 million. In 2017, the Group reclassified USD 29 billion of assets to held for sale based on agreements signed to sell business in the UK (see note 5). In addition, assets held for sale include land and buildings formerly classified as investment property and held for own use amounting to USD 50 million.

**Liabilities  
and equity**

in USD millions, as of December 31

	Notes	2018	2017
<b>Liabilities</b>			
Liabilities for investment contracts	9	51,439	55,627
Deposits received under ceded reinsurance contracts		612	512
Deferred front-end fees		5,177	5,429
Liabilities for insurance contracts	8	249,208	263,805
Obligations to repurchase securities		1,316	1,394
Other liabilities	16	14,321	15,993
Deferred tax liabilities	17	3,915	4,357
Liabilities held for sale <sup>1</sup>	5	25,539	29,271
Senior debt	18	5,237	3,846
Subordinated debt	18	6,775	6,938
<b>Total liabilities</b>		<b>363,540</b>	<b>387,172</b>
<b>Equity</b>			
Share capital	19	11	11
Additional paid-in capital	19	1,180	1,162
Net unrealized gains/(losses) on available-for-sale investments		649	3,078
Cash flow hedges		363	410
Cumulative foreign currency translation adjustment		(9,676)	(8,762)
Revaluation reserve		211	228
Retained earnings		37,452	36,936
Shareholders' equity		30,189	33,062
Non-controlling interests		1,613	1,831
<b>Total equity</b>		<b>31,802</b>	<b>34,893</b>
<b>Total liabilities and equity</b>		<b>395,342</b>	<b>422,065</b>

<sup>1</sup> In 2018, the Group reclassified USD 26 billion of liabilities to held for sale based on agreements to sell certain businesses in the UK, Venezuela and Germany (see note 5). In 2017, the Group reclassified USD 29 billion of liabilities to held for sale based on agreements to sell certain businesses in the UK (see note 5).

## Consolidated financial statements (continued)

## Consolidated statements of cash flows

in USD millions, for the years ended December 31	2018	2017
<b>Cash flows from operating activities</b>		
Net income attributable to shareholders	3,716	3,004
Adjustments for:		
Net (gains)/losses on divestment of businesses	24	84
(Income)/expense from equity method accounted investments	(1)	(3)
Depreciation, amortization and impairments of fixed and intangible assets	898	936
Other non-cash items	128	519
Underwriting activities:	(8,726)	14,255
Liabilities for insurance contracts, gross	(1,547)	7,093
Reinsurers' share of liabilities for insurance contracts	(744)	(1,543)
Liabilities for investment contracts	(5,424)	7,760
Deferred policy acquisition costs	(1,506)	308
Deferred origination costs	19	15
Deposits made under assumed reinsurance contracts	365	705
Deposits received under ceded reinsurance contracts	110	(83)
Investments:	9,752	(13,807)
Net capital (gains)/losses on total investments and impairments	5,274	(12,201)
Net change in derivatives	(7)	(229)
Net change in money market investments	563	(1,528)
Sales and maturities		
Debt securities	62,303	71,794
Equity securities	65,915	52,590
Other	7,093	7,502
Purchases		
Debt securities	(61,496)	(71,521)
Equity securities	(64,091)	(53,753)
Other	(5,801)	(6,459)
Net changes in sale and repurchase agreements	(19)	24
Movements in receivables and payables	(1,103)	581
Net changes in other operational assets and liabilities	(294)	(77)
Deferred income tax, net	15	(311)
Net cash provided by/(used in) operating activities	4,388	5,207

in USD millions, for the years ended December 31

	2018	2017
<b>Cash flows from investing activities</b>		
Additions to tangible and intangible assets	(1,152)	(530)
Disposals of tangible and intangible assets	292	29
(Acquisitions)/disposals of equity method accounted investments, net	(17)	3
Acquisitions of companies, net of cash acquired	(465)	(578)
Divestments of companies, net of cash divested	(13)	220
Dividends from equity method accounted investments	1	1
Net cash provided by/(used in) investing activities	(1,352)	(856)
<b>Cash flows from financing activities</b>		
Dividends paid	(3,015)	(2,891)
Issuance of share capital	2	53
Net movement in treasury shares	(957)	18
Issuance of debt	3,079	–
Repayment of debt	(1,566)	(1,049)
Net cash provided by/(used in) financing activities	(2,457)	(3,868)
Foreign currency translation effects on cash and cash equivalents	(319)	420
Change in cash and cash equivalents	260	902
Cash and cash equivalents as of January 1	8,850	7,948
<b>Total cash and cash equivalents as of December 31</b>	<b>9,110</b>	<b>8,850</b>
of which: Cash and cash equivalents	8,649	8,228
of which: Unit-linked	461	622
<b>Other supplementary cash flow disclosures</b>		
Other interest income received	4,851	4,783
Dividend income received	1,993	1,710
Other interest expense paid	(883)	(936)
Income taxes paid	(1,598)	(1,589)

**Cash and cash equivalents**

in USD millions, as of December 31

	2018	2017
<b>Cash and cash equivalents comprise the following:</b>		
Cash at bank and in hand	8,535	7,993
Cash equivalents	575	857
<b>Total</b>	<b>9,110</b>	<b>8,850</b>

For the periods ended December 31, 2018 and 2017, cash and cash equivalents held to meet local regulatory requirements were USD 825 million and USD 652 million, respectively.