

## Consolidated income statements

in USD millions, for the years ended December 31

|   | Notes | 2017          | 2016          |
|---|-------|---------------|---------------|
| <b>Revenues</b>   |       |               |               |
| Gross written premiums  |       | 46,685        | 48,208        |
| Policy fees   |       | 2,429         | 2,407         |
| Gross written premiums and policy fees                                  |       | 49,114        | 50,615        |
| Less premiums ceded to reinsurers                                       |       | (7,977)       | (7,843)       |
| Net written premiums and policy fees                                    |       | 41,136        | 42,772        |
| Net change in reserves for unearned premiums                            | 10    | (79)          | (150)         |
| Net earned premiums and policy fees                                     |       | 41,057        | 42,622        |
| Farmers management fees and other related revenues                      | 26    | 2,892         | 2,867         |
| Net investment income on Group investments                              |       | 5,215         | 5,474         |
| Net capital gains/(losses) and impairments on Group investments         |       | 2,034         | 1,560         |
| Net investment result on Group investments                              | 6     | 7,249         | 7,034         |
| Net investment result on unit-linked investments                        |       | 11,664        | 13,613        |
| Net gains/(losses) on divestment of businesses                          |       | (84)          | (89)          |
| Other income  |       | 1,183         | 1,199         |
| <b>Total revenues</b>   |       | <b>63,961</b> | <b>67,245</b> |
| <b>Benefits, losses and expenses</b>                                    |       |               |               |
| Insurance benefits and losses, gross of reinsurance                     | 10    | 34,894        | 35,123        |
| Less ceded insurance benefits and losses                                | 10    | (6,252)       | (4,682)       |
| Insurance benefits and losses, net of reinsurance                       | 10    | 28,643        | 30,441        |
| Policyholder dividends and participation in profits, net of reinsurance | 10    | 12,984        | 14,519        |
| Underwriting and policy acquisition costs, net of reinsurance           | 10    | 9,039         | 8,538         |
| Administrative and other operating expense                              | 12    | 7,212         | 7,478         |
| Interest expense on debt  |       | 411           | 423           |
| Interest credited to policyholders and other interest                   |       | 546           | 525           |
| <b>Total benefits, losses and expenses</b>                              |       | <b>58,835</b> | <b>61,924</b> |
| <b>Net income before income taxes</b>                                   |       | <b>5,125</b>  | <b>5,321</b>  |
| of which: Attributable to non-controlling interests                     |       | 459           | 408           |
| Income tax (expense)/benefit  | 17    | (1,816)       | (1,843)       |
| attributable to policyholders   | 17    | (171)         | (304)         |
| attributable to shareholders  | 17    | (1,645)       | (1,539)       |
| of which: Attributable to non-controlling interests                     |       | 154           | 140           |
| <b>Net income after taxes</b>   |       | <b>3,309</b>  | <b>3,478</b>  |
| attributable to non-controlling interests                               |       | 305           | 268           |
| attributable to shareholders  |       | 3,004         | 3,211         |
| in USD  |       |               |               |
| Basic earnings per share  | 19    | 20.02         | 21.51         |
| Diluted earnings per share  | 19    | 19.90         | 21.36         |
| in CHF  |       |               |               |
| Basic earnings per share  | 19    | 19.71         | 21.18         |
| Diluted earnings per share  | 19    | 19.58         | 21.04         |

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 | 2017           | 2016           |
|--|------------------------------------|-------|----------------|----------------|
| <b>Assets:</b>   |                                    |       |                |                |
| Cash and cash equivalents                                |                                    |       | 8,228          | 7,197          |
| Total Group investments                                  | 6                                  |       | 194,084        | 182,611        |
| Equity securities  |                                    |       | 17,787         | 15,908         |
| Debt securities  |                                    |       | 148,261        | 140,181        |
| Investment property                                      |                                    |       | 12,238         | 10,562         |
| Mortgage loans   |                                    |       | 7,047          | 6,794          |
| Other loans  |                                    |       | 8,730          | 9,146          |
| Investments in associates and joint ventures             |                                    |       | 21             | 20             |
| Investments for unit-linked contracts                    |                                    |       | 120,699        | 125,907        |
| Total investments  |                                    |       | 314,782        | 308,518        |
| Reinsurers' share of liabilities for insurance contracts | 8                                  |       | 20,918         | 18,347         |
| Deposits made under reinsurance contracts                |                                    |       | 1,269          | 1,764          |
| Deferred policy acquisition costs                        | 11                                 |       | 18,663         | 17,796         |
| Deferred origination costs                               | 11                                 |       | 460            | 426            |
| Receivables and other assets                             | 15                                 |       | 18,195         | 17,755         |
| Deferred tax assets                                      | 17                                 |       | 1,076          | 1,448          |
| Assets held for sale <sup>1</sup>                        | 5                                  |       | 29,371         | 530            |
| Property and equipment                                   | 13                                 |       | 961            | 953            |
| Attorney in fact contracts                               | 14                                 |       | 1,025          | 1,025          |
| Goodwill   | 14                                 |       | 2,353          | 1,795          |
| Other intangible assets                                  | 14                                 |       | 4,762          | 4,795          |
| <b>Total assets</b>                                      |                                    |       | <b>422,065</b> | <b>382,348</b> |

<sup>1</sup> In 2017, the Group reclassified USD 29 billion of assets to held for sale based on agreements signed to sell businesses 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 41 million and USD 9 million, respectively. In 2016, the Group reclassified USD 456 million of assets to held for sale based on agreements signed to sell businesses in Taiwan and Middle East (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 67 million and USD 7 million, respectively.

**Liabilities  
and equity**

in USD millions, as of December 31

|   | Notes | 2017           | 2016           |
|---|-------|----------------|----------------|
| <b>Liabilities</b>  |       |                |                |
| Liabilities for investment contracts                            | 9     | 55,627         | 69,113         |
| Deposits received under ceded reinsurance contracts             |       | 512            | 568            |
| Deferred front-end fees   |       | 5,429          | 4,872          |
| Liabilities for insurance contracts                             | 8     | 261,335        | 239,369        |
| Obligations to repurchase securities                            |       | 1,394          | 1,280          |
| Other liabilities   | 16    | 18,463         | 18,609         |
| Deferred tax liabilities  | 17    | 4,357          | 4,562          |
| Liabilities held for sale <sup>1</sup>                          | 5     | 29,271         | 290            |
| Senior debt   | 18    | 3,846          | 4,162          |
| Subordinated debt   | 18    | 6,938          | 7,050          |
| <b>Total liabilities</b>  |       | <b>387,172</b> | <b>349,875</b> |
| <b>Equity</b>   |       |                |                |
| Share capital   | 19    | 11             | 11             |
| Additional paid-in capital                                      | 19    | 1,162          | 1,348          |
| Net unrealized gains/(losses) on available-for-sale investments |       | 3,078          | 2,809          |
| Cash flow hedges  |       | 410            | 418            |
| Cumulative foreign currency translation adjustment              |       | (8,762)        | (9,973)        |
| Revaluation reserve   |       | 228            | 235            |
| Retained earnings   |       | 36,936         | 35,812         |
| Shareholders' equity  |       | 33,062         | 30,660         |
| Non-controlling interests                                       |       | 1,831          | 1,813          |
| <b>Total equity</b>   |       | <b>34,893</b>  | <b>32,473</b>  |
| <b>Total liabilities and equity</b>                             |       | <b>422,065</b> | <b>382,348</b> |

<sup>1</sup> In 2017, the Group reclassified USD 29 billion of liabilities to held for sale based on agreements signed to sell businesses in the UK (see note 5). In 2016, the Group reclassified USD 290 million of liabilities to held for sale based on agreements signed to sell businesses in Taiwan and Middle East (see note 5).

## Consolidated financial statements (continued)

## Consolidated statements of cash flows

| in USD millions, for the years ended December 31                          | 2017     | 2016     |
|---|----------|----------|
| <b>Cash flows from operating activities</b>                               |          |          |
| Net income attributable to shareholders                                   | 3,004    | 3,211    |
| Adjustments for:  |          |          |
| Net (gains)/losses on divestment of businesses                            | 84       | 89       |
| (Income)/expense from equity method accounted investments                 | (3)      | (3)      |
| Depreciation, amortization and impairments of fixed and intangible assets | 936      | 781      |
| Other non-cash items  | 519      | 431      |
| Underwriting activities:  | 14,760   | 14,783   |
| <i>Liabilities for insurance contracts, gross</i>                         | 7,599    | 7,651    |
| <i>Reinsurers' share of liabilities for insurance contracts</i>           | (1,543)  | (977)    |
| <i>Liabilities for investment contracts</i>                               | 7,760    | 9,506    |
| <i>Deferred policy acquisition costs</i>                                  | 308      | (1,056)  |
| <i>Deferred origination costs</i>   | 15       | 31       |
| <i>Deposits made under assumed reinsurance contracts</i>                  | 705      | (46)     |
| <i>Deposits received under ceded reinsurance contracts</i>                | (83)     | (326)    |
| Investments:  | (13,807) | (16,787) |
| <i>Net capital (gains)/losses on total investments and impairments</i>    | (12,201) | (13,569) |
| <i>Net change in derivatives</i>  | (229)    | (240)    |
| <i>Net change in money market investments</i>                             | (1,528)  | (195)    |
| <i>Sales and maturities</i>   |          |          |
| <i>Debt securities</i>  | 71,794   | 67,597   |
| <i>Equity securities</i>  | 52,590   | 47,725   |
| <i>Other</i>  | 7,502    | 7,067    |
| <i>Purchases</i>  |          |          |
| <i>Debt securities</i>  | (71,521) | (71,988) |
| <i>Equity securities</i>  | (53,753) | (46,139) |
| <i>Other</i>  | (6,459)  | (7,046)  |
| Net changes in sale and repurchase agreements                             | 24       | (137)    |
| Movements in receivables and payables                                     | 100      | (1,238)  |
| Net changes in other operational assets and liabilities                   | (101)    | (13)     |
| Deferred income tax, net  | (311)    | 355      |
| Net cash provided by/(used in) operating activities                       | 5,207    | 1,473    |

in USD millions, for the years ended December 31

|  | 2017         | 2016         |
|--|--------------|--------------|
| <b>Cash flows from investing activities</b>                          |              |              |
| Additions to tangible and intangible assets                          | (530)        | (715)        |
| Disposals of tangible and intangible assets                          | 29           | 59           |
| (Acquisitions)/disposals of equity method accounted investments, net | 3            | (2)          |
| Acquisitions of companies, net of cash acquired                      | (578)        | (826)        |
| Divestments of companies, net of cash divested                       | 220          | 341          |
| Dividends from equity method accounted investments                   | 1            | 1            |
| Net cash provided by/(used in) investing activities                  | (856)        | (1,142)      |
| <b>Cash flows from financing activities</b>                          |              |              |
| Dividends paid   | (2,891)      | (2,768)      |
| Issuance of share capital  | 53           | 40           |
| Net movement in treasury shares                                      | 18           | 17           |
| Issuance of debt   | –            | 3,066        |
| Repayment of debt  | (1,049)      | (1,652)      |
| Net cash provided by/(used in) financing activities                  | (3,868)      | (1,296)      |
| Foreign currency translation effects on cash and cash equivalents    | 420          | (280)        |
| Change in cash and cash equivalents <sup>1</sup>                     | 902          | (1,245)      |
| Cash and cash equivalents as of January 1                            | 7,948        | 9,193        |
| <b>Cash and cash equivalents as of December 31</b>                   | <b>8,850</b> | <b>7,948</b> |
| of which: Group investments  | 8,228        | 7,197        |
| of which: Unit-linked  | 622          | 751          |
| <b>Other supplementary cash flow disclosures</b>                     |              |              |
| Other interest income received                                       | 4,783        | 4,876        |
| Dividend income received   | 1,710        | 1,837        |
| Other interest expense paid  | (936)        | (861)        |
| Income taxes paid  | (1,589)      | (1,461)      |

<sup>1</sup> The movement for the year ended December 31, 2017 and 2016, includes USD 102 million and USD 42 million, respectively, of cash and cash equivalents reclassified to assets held for sale, which has been recognized in net changes in other operational assets and liabilities (see note 5).

## Cash and cash equivalents

in USD millions, as of December 31

|  | 2017         | 2016         |
|--|--------------|--------------|
| <b>Cash and cash equivalents comprise the following:</b> |              |              |
| Cash at bank and in hand                                 | 7,993        | 5,511        |
| Cash equivalents   | 857          | 2,437        |
| <b>Total<sup>1</sup></b>                                 | <b>8,850</b> | <b>7,948</b> |

<sup>1</sup> Includes cash and cash equivalents for unit-linked contracts of USD 622 million and USD 751 million as of December 31, 2017 and 2016, respectively.

For the periods ending December 31, 2017 and 2016, cash and cash equivalents held to meet local regulatory requirements were USD 652 million and USD 625 million, respectively.