

Zurich joins forces with Banco Sabadell to become a leading player in the Spanish insurance market

Acquisition of 50% stake in Banco Sabadell's insurance operations positions Zurich among the top 2 insurers in Spain

July 11, 2008

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Zurich joins forces with Banco Sabadell to become a leading player in the Spanish insurance market



- Zurich Financial Services Group (Zurich) to acquire a 50% stake in the life insurance, pension and general insurance operations of Banco Sabadell S.A. (Banco Sabadell)
- Zurich to establish a long-term strategic distribution partnership with Banco Sabadell, the fourth largest bank in Spain
- Zurich set to become the second largest insurance group in Spain

Zurich Spain - current rankings

Based on 2007 premiums	Rank	Market Share
General Insurance	#4	4.2%
Life	#12	3.2%
Global Corporate	#2	18.0%

Proforma rankings

General Insurance & Life	Premiums 2007 (€m)	Market Share
1 MAPFRE	7,889	14.5%
ZURICH¹ + BANCO SABADELL	3,535	6.5%
2 GRUPO AXA	3,514	6.4%
3 SANTANDER SEGUROS	3,086	5.7%
4 ALLIANZ	2,862	5.2%
5 GENERALI	2,517	4.6%

Source: ICEA, Inverco, DGSFP

¹ Including the transaction with Caixa Sabadell

Zurich Spain has strong record of successful integration



- Entered Spain in 1879
- 8 acquisitions fully integrated between 1987 and 2006
- One management team, one IT platform by 2006
- Three acquisitions in 2008 will be fully integrated
 - 50% of Can Soluciones Integrales S.A., jointly owned company entered into exclusive agreement with Caja Navarra for distribution of general insurance products. March 2008
 - 50% of Caixa Sabadell's life and general insurance companies¹ April 2008
 - 50% of Banca Sabadell's life and general insurance operations¹ July 2008

¹ This transaction is subject to the approval of the relevant regulatory authorities

Structure of the transaction



- Zurich will acquire a **50% participation** in:
 - BanSabadell Vida S.A. de Seguros y Reaseguros (BanSabadell Vida),
 - BanSabadell Pensiones E.G.F.P., S.A., and
 - BanSabadell Seguros Generales, S.A. de Seguros y Reaseguros (BanSabadell Seguros Generales).
- While Zurich will have **management control** of the jointly owned companies and fully consolidate them, Banco Sabadell will continue to be a 50% stakeholder, which demonstrates its commitment and strong interest to develop the insurance business.
- The above insurance companies will enter into **bancassurance agreements** with Banco Sabadell and two of its affiliates to sell life insurance, pension and general insurance products through Banco Sabadell's extensive branch network on an exclusive basis. The exclusive distribution agreement runs for **25 years** and can thereafter be extended.

Key financial terms



- The **purchase price** for 50% of Banco Sabadell's **life insurance and pension** companies amounts to **EUR 650** (approx. **USD 1,020**) **million**, plus an **earn-out** component of up to **EUR 120** (approx. **USD 188**) **million**.
- The **purchase price** for 50% of Banco Sabadell's **general insurance** company amounts to **EUR 100** (approx. **USD 157**) **million**, plus an **earn-out** component of up to **EUR 30** (approx. **USD 47**) **million**.
- In 2007, BanSabadell Vida wrote EUR 1,450 (approx. USD 2,275) million in GWP and USD 277 (EUR 177) million of Life APE. BanSabadell Seguros Generales was newly founded in 2007.
- The embedded value of BanSabadell Vida as of December 31, 2007 amounted to about EUR 473 (USD 743) million as calculated by Banco Sabadell. The Life new business value for 2007 amounted to EUR 38 (USD 59) million on the same basis.

Long-term partnership to create value



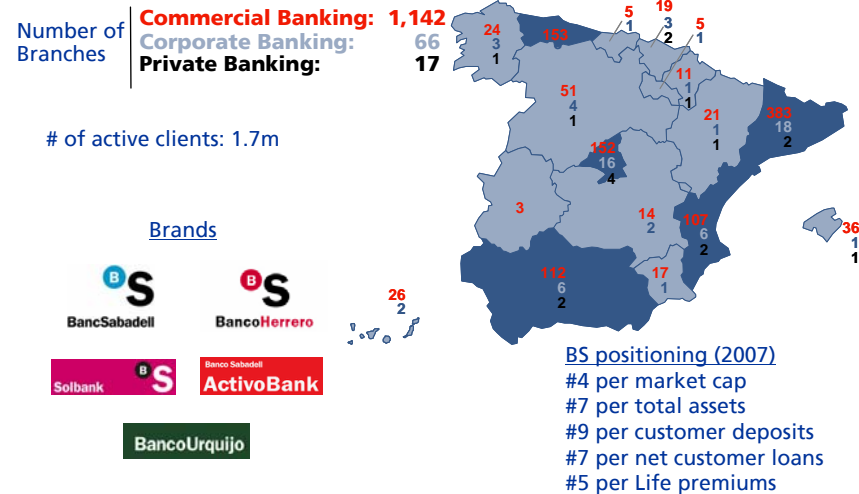
- This transaction aims to further **strengthen and consolidate** Zurich's **competitive position and profitability** by combining Banco Sabadell's strong distribution and sales support capabilities with Zurich's considerable proposition strengths and efficient pan-European platform.
- Zurich is executing on its strategy, particularly in Global Life.
- The agreed transaction represents a **significant expansion** of Zurich's insurance operations in Spain, and builds upon the two acquisitions the Group has announced there over the past four months. With these acquisitions, Zurich becomes the fourth largest insurer in both life and general insurance, and the **second largest insurance group** overall in Spain.
- In terms of future potential, **Spain** is one of the most **attractive insurance markets in Europe**, showing **strong and consistent growth** over the past years and expecting to continue to grow at strong levels in the future. Further, bancassurance represents the most important distribution channel for life insurance in the market, and is of increasing importance for general insurance in Spain.

Overview of Banco Sabadell

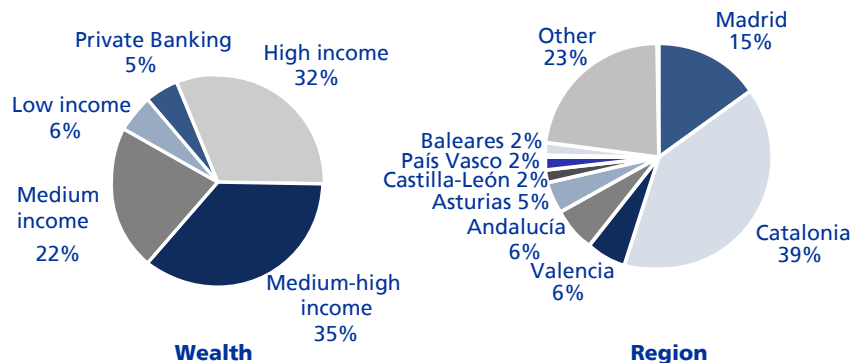
Company overview

- Banco Sabadell is currently the #4 largest Spanish Banking Group and #7 financial institution
- It has successfully carried out a strategy of acquisitions (Banco Atlántico in 2004, Banco Urquijo in 2006) complementary with sound organic growth
- It has about 1,225 branches nationwide, with a special presence in regions with larger business potential (esp. Catalonia, Madrid, Valencia and Asturias)
- Main financial figures as of EOY 2007: EUR 77bn total assets, EUR 86bn deposits and Assets under Management (+8% yoy), and EUR 62bn loan portfolio (+14%). Net Profit of EUR 782m and a ROE >20%

Nationwide footprint

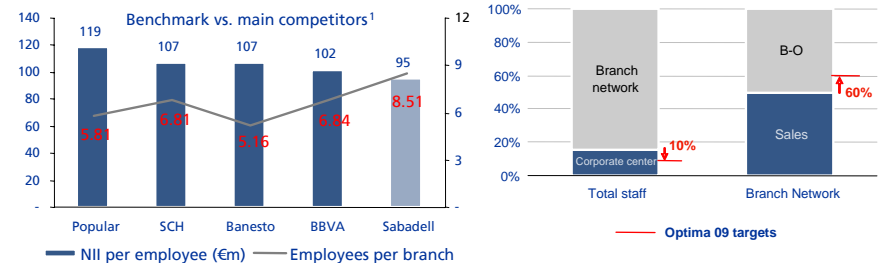


Client base



Optimization potential

The company is focused on improving the efficiency of its branch network by reducing overall back-office burden at branch level



¹ Data as of September 2007

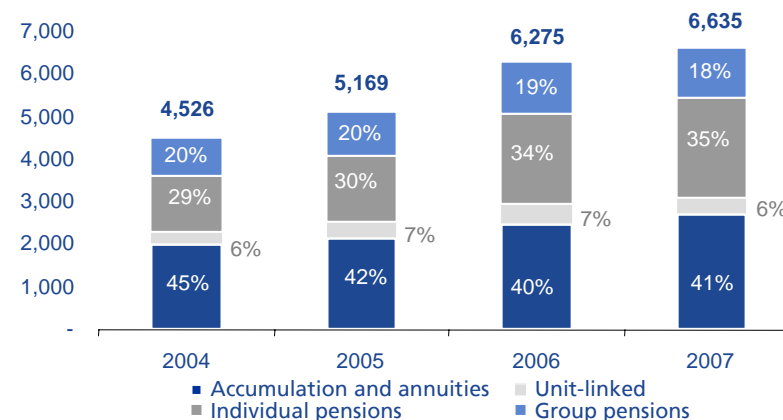
Overview of Banco Sabadell's insurance businesses



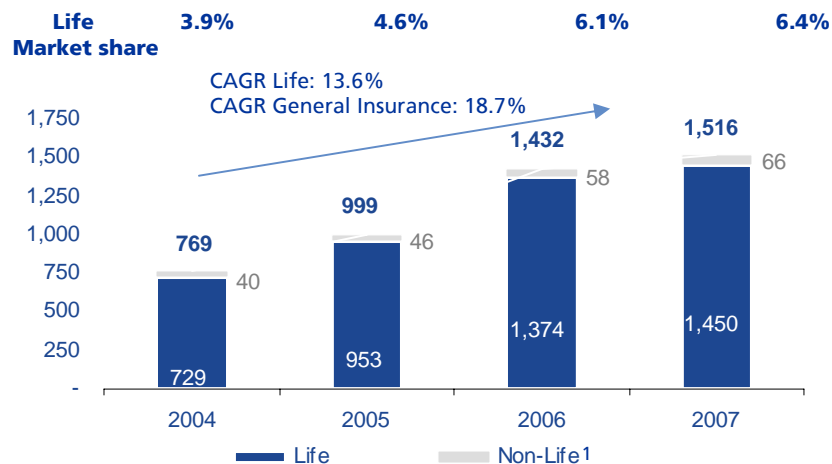
Main highlights

- Banco Sabadell is active in Life and General Insurance as well as Pensions activities
- BanSabadell Vida is ranked #5 in the Spanish life market by GWP. In 2007, Banco Sabadell started to write General Insurance products through BanSabadell Seguros Generales
- Sabadell Bancaseguros is an autonomous platform that operates with Banco Sabadell in a fully integrated manner through its branch network
- As of year end 2007, total volume of savings managed amounted to EUR 6.6bn (+6%), premiums earned EUR 1.5bn (+6%) and Net Profit totalled EUR 42m (+21%)

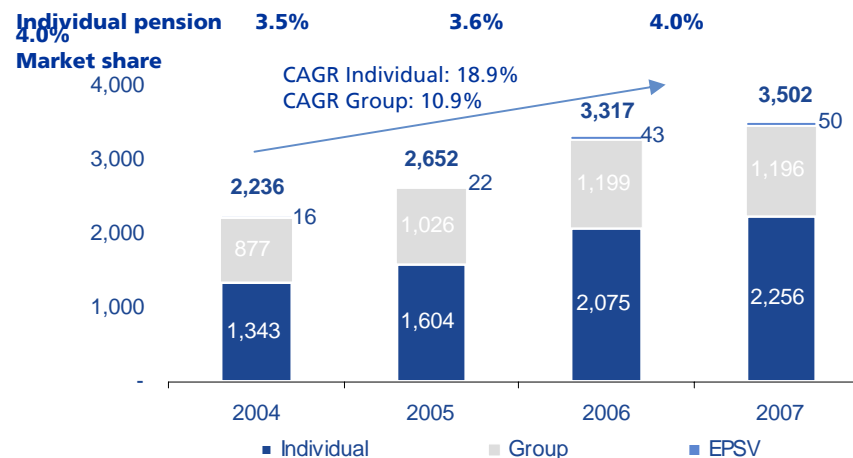
AuM evolution (EURm)



Life & General Insurance GWP evolution (EURm)



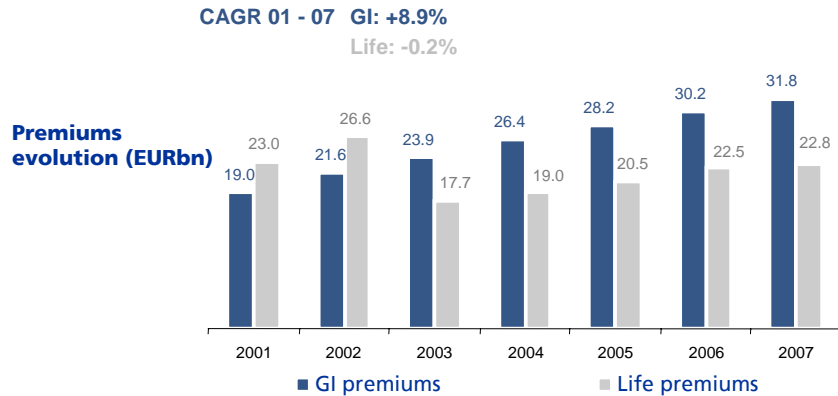
Pension – AuM evolution (EURm)



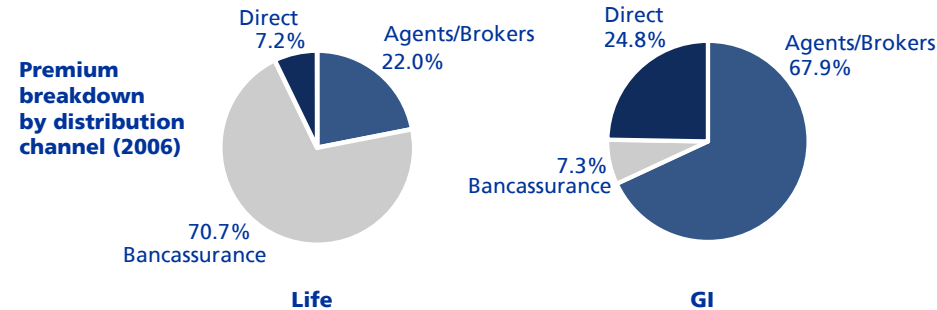
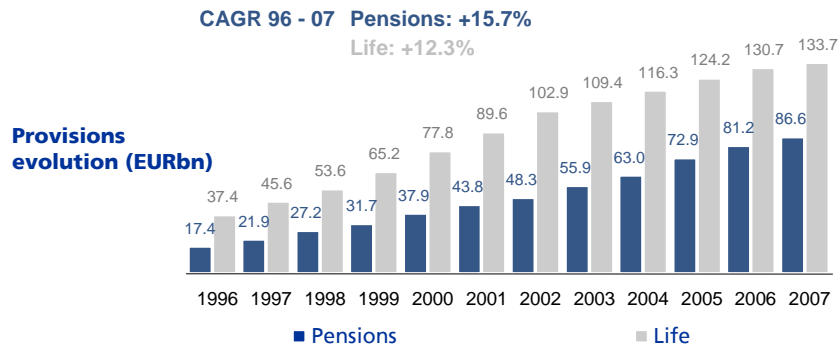
¹ Including BanSabadell Correduria

Spanish insurance market: strong and consistent growth

Spanish Insurance market evolution



Note: Decrease in Life premiums in 2003 due to the end of tax advantage measures related to UL products



Bancassurance market overview

- Financial institutions are the **main source of Life and Pensions business** in Spain (2007, +70% premiums brokered)
- Corporate movements in Spain:
 - **Large banks** to continue management independently
 - **Smaller banks** searching for business opportunities
 - **Most savings banks** reviewing their strategies (speculative or industrial rationale)
 - Trend to extend model to General Insurance

Sources: ICEA, Inverco, DGSFP

Insurance market ranking in Spain

Proforma rankings

Insurance (GI and Life)

Spain 2007	Premiums	Market
GI Total	(€m)	Share
1 MAPFRE AUTOMOVILES	2'437	7.7%
2 AXA SEGUROS GENERALES	2'354	7.4%
3 ALLIANZ	2'044	6.4%
ZURICH + SABADELL	1'401	4.4%
4 ZURICH ESPAÑA	1'335	4.2%
5 CASER	1'272	4.0%
6 MUTUA MADRILEÑA	1'171	3.7%
7 MAPFRE SEGUROS GRALES	1'108	3.5%
8 ADESLAS	1'085	3.4%
9 MAPFRE EMPRESAS	1'034	3.3%
10 SANITAS	907	2.9%
11 SANTA LUCIA	850	2.7%
12 VITALICIO SEGUROS	815	2.6%
13 GROUPAMA SEGUROS	746	2.3%
14 ASISA	722	2.3%
15 REALE SEGUROS GRALES	714	2.2%

Spain 2007	Premiums	Market
Life Total	(€m)	Share
1 SANTADER SEGUROS	2'876	12.5%
2 MAPFRE	2'363	10.3%
3 AVIVA	2'229	9.7%
ZURICH VIDA(*)+BANCO SABADELL	2'181	9.5%
4 IBERCAJA	1'617	7.1%
5 BANSABADELL VIDA Y PENSIONES	1'450	6.3%
6 CAIFOR	1'386	6.0%
7 BBVA SEGUROS	1'003	4.4%
8 GENERALI	983	4.3%
9 CASER	839	3.7%
10 GRUPO AXA	800	3.5%
11 ALLIANZ	741	3.2%
12 ZURICH VIDA(*)	731	3.2%
13 CAIXA CATALUNYA	687	3.0%
14 ING	667	2.9%
15 GRUPO CATALANA OCCIDENTE	544	2.4%

Spain 2007	Premiums	Market
GI & Life Total	(€m)	Share
1 MAPFRE	7'889	14.5%
ZURICH(*)+BANCO SABADELL	3'535	6.5%
2 GRUPO AXA	3'514	6.4%
3 SANTANDER SEGUROS	3'086	5.7%
4 ALLIANZ	2'862	5.2%
5 GENERALI	2'517	4.6%
6 AVIVA	2'240	4.1%
7 CASER	2'111	3.9%
8 ZURICH (*)	2'084	3.4%
9 GRUPO CATALANA OCCIDENTE	2'018	3.7%
10 IBERCAJA (2)	1'617	3.0%
11 CAIFOR	1'600	2.9%
12 BANSABADELL VIDA Y PENSIONES	1'451	2.7%
13 GRUPO MUTUA MADRILEÑA	1'379	2.5%
14 BBVA SEGUROS	1'180	2.2%
15 ADESLAS	1'085	2.0%

AuM (by system)

Spain 2007	AUM	Market
Pensions systems total	(€m)	Share
1 BBVA	15'502	17.9%
2 LA CAIXA	11'065	12.8%
3 SANTANDER	9'801	11.3%
4 FONDITEL	5'389	6.2%
ZURICH (*)+SABADELL	4'684	5.4%
5 IBERCAJA	4'131	4.8%
6 BANCO POPULAR	4'088	4.7%
7 GRUPO CASER	3'983	4.6%
8 CAJA MADRID	3'710	4.3%
9 BANCO SABADELL	3'441	4.0%
10 BANCAJA	2'034	2.4%
11 MAPFRE	1'546	1.8%
12 CAJA CATALUÑA	1'511	1.8%
13 CAJA RURAL	1'426	1.7%
14 CAJA MEDITERRANEO	1'283	1.5%
15 DEUTSCHE / ZURICH(*)	1'243	1.4%
16 BANKINTER	1'037	1.2%
17 CAIXA GALICIA	969	1.1%
18 BARCLAYS BANK	905	1.1%
19 CAJA NAVARRO	893	1.0%
20 UNICAJA	878	1.0%

Spain 2007	AUM	Market
Individual Pensions	(€m)	Share
1 BBVA	8'376	15.5%
2 SANTANDER	8'323	15.4%
3 LA CAIXA	6'180	11.4%
4 BANCO POPULAR	3'197	5.9%
ZURICH(*)+SABADELL	3'056	5.6%
5 CAJA MADRID	2'855	5.3%
6 BANCO SABADELL	2'218	4.1%
7 GRUPO CASER	1'555	2.9%
8 BANCAJA	1'463	2.7%
9 MAPFRE	1'353	2.5%
10 CAJA RURAL	1'345	2.5%
11 IBERCAJA	1'235	2.3%
12 CAJA CATALUÑA	1'068	2.0%
13 BANKINTER	1'023	1.9%
14 DEUTSCHE / ZURICH(*)	838	1.5%
15 MORGAN STANDLEY	773	1.4%
16 CAJA MEDITERRANEO	756	1.4%
17 BARCLAYS BANK	750	1.4%
18 UNICAJA	728	1.3%
19 WINTERTHUR PENSIONES	607	1.1%
20 FONDITEL	605	1.1%

Sources: ICEA, Inverco, DGSFP

(*) Including the transaction with Caixa Sabadell

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