

Principal activity and review of the year

Zurich Financial Services is the holding company of the Group with a listing on the SWX Swiss Exchange. On October 2, 2006, Zurich Financial Services delisted its secondary listing from the London Stock Exchange.

Zurich Financial Services was incorporated on April 26, 2000, with a share capital of CHF 100,000. As of December 31, 2006, the shareholders' equity totaled CHF 16,779,678,184 (December 31, 2005: CHF 16,472,848,630).

Its principal activity is the holding of subsidiaries. Revenues consist mainly of dividends and interest. The net income of Zurich Financial Services was CHF 1,187,995,724 for 2006 (CHF 781,121,406 for 2005).

Income statements

in CHF thousands, for the years ended December 31

	Notes	2006	2005
Revenues			
Interest income		222,442	213,610
Dividend income		1,000,000	600,000
Other financial income		1,138	5,247
Total revenues		1,223,580	818,857
Expenses			
Administrative expense	3	(10,892)	(12,325)
Other financial expense		(1,965)	(6,283)
Tax expense	4	(22,727)	(19,128)
Total expenses		(35,584)	(37,736)
Net income		1,187,996	781,121

Balance sheets

Assets			Notes	2006	2005
		in CHF thousands, as of December 31			
Non-current assets					
	Investments in subsidiaries		5	10,662,917	10,662,917
	Subordinated loans to subsidiaries			4,000,000	4,000,000
	Total non-current assets			14,662,917	14,662,917
Current assets					
	Cash and cash equivalents			1,771,345	1,550,577
	Loans to subsidiaries			271,777	204,226
	Accrued income from third parties			550	43
	Accrued income from subsidiaries			100,430	101,951
	Total current assets			2,144,102	1,856,797
	Total assets			16,807,019	16,519,714
Liabilities and shareholder's equity					
Short-term liabilities					
	Loans from subsidiaries			1,230	22,270
	Other liabilities to subsidiaries			2,848	17,749
	Other liabilities to third parties			23,050	6,500
	Other liabilities to shareholders			213	238
	Accrued liabilities			–	109
	Total short-term liabilities			27,341	46,866
Shareholders' equity (before appropriation of available earnings)					
	Share capital		7	14,475	360,017
	Legal reserves:				
	<i>General legal reserve</i>			9,345,159	9,215,782
	<i>Reserve for treasury stock</i>		8	42,799	49,623
	Free reserve			5,411,032	5,404,209
	Retained earnings:				
	<i>Beginning of the year</i>			1,443,217	662,096
	<i>Dividends paid</i>			(665,000) ¹	–
	<i>Beginning of the year, adjusted for appropriations</i>			778,217	662,096
	Net income			1,187,996	781,121
	Retained earnings, end of year			1,966,213	1,443,217
	Total shareholders' equity (before appropriation of available earnings)			16,779,678	16,472,848
	Total liabilities and shareholders' equity			16,807,019	16,519,714

¹ Dividends paid in the year, proposed in association with the 2005 result