

Consolidated financial statements (unaudited) 2012

Zurich Insurance Group
Results for the three months to March 31, 2012

Consolidated financial statements (unaudited)

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Consolidated income statements (unaudited)

| in USD millions, for the three months ended March 31 | Notes | 2012 | Restated 2011 |
|---|-------|---------------|------------------|
| Revenues | | | |
| Gross written premiums | | 14,445 | 13,510 |
| Policy fees | | 632 | 581 |
| Gross written premiums and policy fees | | 15,077 | 14,091 |
| Less premiums ceded to reinsurers | | (1,711) | (1,584) |
| Net written premiums and policy fees | | 13,367 | 12,507 |
| Net change in reserves for unearned premiums | | (1,788) | (1,674) |
| Net earned premiums and policy fees | | 11,578 | 10,834 |
| Farmers management fees and other related revenues | | 710 | 682 |
| Net investment result on Group investments | 3 | 1,760 | 1,699 |
| Net investment income on Group investments | | 1,710 | 1,780 |
| Net capital gains/(losses) and impairments on Group investments | | 50 | (81) |
| Net investment result on unit-linked investments | 3 | 5,695 | 303 |
| Other income | | 361 | 345 |
| Total revenues | | 20,105 | 13,863 |
| Benefits, losses and expenses | | | |
| Insurance benefits and losses, gross of reinsurance | 6 | 8,794 | 9,216 |
| Less ceded insurance benefits and losses | 6 | (796) | (697) |
| Insurance benefits and losses, net of reinsurance | 6 | 7,998 | 8,519 |
| Policyholder dividends and participation in profits, net of reinsurance | 6 | 5,828 | 529 |
| Underwriting and policy acquisition costs, net of reinsurance | | 2,389 | 1,939 |
| Administrative and other operating expense | | 1,941 | 1,794 |
| Interest expense on debt | 11 | 150 | 136 |
| Interest credited to policyholders and other interest | | 111 | 122 |
| Total benefits, losses and expenses | | 18,417 | 13,039 |
| Net income before income taxes | | 1,688 | 824 |
| Income tax expense | 10 | (522) | (177) |
| attributable to policyholders | 10 | (176) | 24 |
| attributable to shareholders | 10 | (346) | (200) |
| Net income after taxes | | 1,166 | 648 |
| attributable to non-controlling interests | | 23 | 7 |
| attributable to shareholders | | 1,143 | 640 |
| in USD | | | |
| Basic earnings per share | 12 | 7.82 | 4.39 |
| Diluted earnings per share | 12 | 7.77 | 4.35 |
| in CHF | | | |
| Basic earnings per share | 12 | 7.21 | 4.13 |
| Diluted earnings per share | 12 | 7.16 | 4.09 |

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

Consolidated financial statements *continued*

Consolidated statements of comprehensive income (unaudited)

in USD millions, for the three months ended March 31

| | Net income attributable to shareholders | Net unrealized gains/(losses) on available- for-sale investments | Cash flow hedges |
|--|---|--|---------------------|
| 2011 | | | |
| Comprehensive income for the period, as restated | 640 | (262) | (57) |
| Details of movements during the period | | | |
| Change (before reclassification, tax and foreign currency translation effects and after allocation to policyholders) | | (334) | 32 |
| Reclassification to income statement (before tax and foreign currency translation effects and after allocation to policyholders) | | (13) | (89) |
| Deferred income tax (before foreign currency translation effects) | | 82 | 20 |
| Foreign currency translation effects | | 3 | (21) |
| 2012 | | | |
| Comprehensive income for the period | 1,143 | 1,067 | (2) |
| Details of movements during the period | | | |
| Change (before reclassification, tax and foreign currency translation effects and after allocation to policyholders) | | 1,441 | 35 |
| Reclassification to income statement (before tax and foreign currency translation effects and after allocation to policyholders) | | (190) | (52) |
| Deferred income tax (before foreign currency translation effects) | | (254) | 6 |
| Foreign currency translation effects | | 70 | 9 |

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

| | Cumulative foreign currency translation adjustment | Total other comprehensive income recycled through profit or loss | Revaluation reserve | Net actuarial gains/(losses) on pension plans | Total other comprehensive income not recycled through profit or loss | Total other comprehensive income attributable to shareholders | Total comprehensive income attributable to shareholders | Comprehensive income attributable to non-controlling interests | Total comprehensive income |
|--|--|--|---------------------|---|--|---|---|--|----------------------------|
| | (219) | (538) | – | 62 | 62 | (476) | 165 | 75 | 239 |
| | (220) | (522) | – | 139 | 139 | (383) | | | |
| | 1 | (101) | – | – | – | (101) | | | |
| | – | 103 | – | (49) | (49) | 53 | | | |
| | – | (18) | – | (28) | (28) | (46) | | | |
| | (429) | 636 | – | 235 | 235 | 871 | 2,013 | 172 | 2,185 |
| | (429) | 1,047 | – | 391 | 391 | 1,437 | | | |
| | – | (242) | – | – | – | (242) | | | |
| | – | (247) | – | (101) | (101) | (348) | | | |
| | – | 79 | – | (55) | (55) | 23 | | | |

Consolidated financial statements *continued*

Consolidated balance sheets (unaudited)

| Assets | in USD millions, as of | Notes | 03/31/12 | 12/31/11 | Restated 01/01/11 |
|---|------------------------|-------|----------------|----------------|----------------------|
| | | | | | |
| Investments | | | | | |
| Total Group investments | | | 205,793 | 194,385 | 195,898 |
| Cash and cash equivalents | | | 10,046 | 8,768 | 8,182 |
| Equity securities | | | 13,508 | 11,226 | 13,729 |
| Debt securities | | | 149,440 | 142,861 | 140,254 |
| Real estate held for investment | | | 8,707 | 8,468 | 8,274 |
| Mortgage loans | | | 11,225 | 11,058 | 11,851 |
| Other loans | | | 12,703 | 11,842 | 13,419 |
| Investments in associates and joint ventures | | | 164 | 161 | 188 |
| Investments for unit-linked contracts | | | 123,406 | 104,603 | 107,947 |
| Total investments | | 3 | 329,199 | 298,988 | 303,845 |
| Reinsurers' share of reserves for insurance contracts | | 4 | 19,995 | 19,361 | 18,816 |
| Deposits made under assumed reinsurance contracts | | | 2,792 | 2,711 | 2,837 |
| Deferred policy acquisition costs | | 7 | 17,992 | 16,864 | 16,281 |
| Deferred origination costs | | 7 | 810 | 824 | 866 |
| Accrued investment income | | | 2,378 | 2,589 | 2,749 |
| Receivables and other assets ¹ | | | 19,965 | 32,766 | 17,671 |
| Mortgage loans given as collateral | | | 199 | 223 | 743 |
| Deferred tax assets | | | 1,864 | 2,076 | 2,067 |
| Assets held for sale ² | | | – | 54 | – |
| Property and equipment | | | 1,613 | 1,579 | 1,689 |
| Goodwill | | 8 | 2,113 | 2,060 | 2,104 |
| Other intangible assets | | 8 | 8,129 | 5,774 | 5,954 |
| Total assets | | | 407,050 | 385,869 | 375,623 |

¹ Includes total assets related to the Santander acquired insurance businesses as of December 31, 2011 (see note 2).

² See note 2.

Liabilities
and equity

| in USD millions, as of | Notes | 03/31/12 | 12/31/11 | Restated 01/01/11 |
|---|-------|----------------|----------------|----------------------|
| Liabilities | | | | |
| Reserve for premium refunds | | 548 | 554 | 518 |
| Liabilities for investment contracts | 5 | 54,784 | 50,661 | 50,667 |
| Deposits received under ceded reinsurance contracts | | 1,585 | 1,543 | 1,362 |
| Deferred front-end fees | | 5,953 | 5,720 | 5,626 |
| Reserves for insurance contracts | 4 | 264,835 | 240,811 | 242,719 |
| Obligations to repurchase securities | | 1,684 | 1,794 | 3,330 |
| Accrued liabilities | | 3,189 | 3,110 | 3,011 |
| Other liabilities ¹ | | 21,898 | 31,317 | 18,396 |
| Collateralized loans | | 199 | 223 | 743 |
| Deferred tax liabilities | | 5,094 | 4,049 | 4,554 |
| Liabilities held for sale ² | | – | 55 | – |
| Senior debt | 11 | 6,707 | 6,541 | 6,453 |
| Subordinated debt | 11 | 6,101 | 5,476 | 5,004 |
| Total liabilities | | 372,578 | 351,852 | 342,382 |
| Equity | | | | |
| Share capital | | 11 | 10 | 10 |
| Additional paid-in capital | | 8,056 | 9,907 | 11,630 |
| Net unrealized gains/(losses) on available-for-sale investments | | 3,867 | 2,800 | 2,468 |
| Cash flow hedges | | 230 | 232 | 56 |
| Cumulative foreign currency translation adjustment | | (3,061) | (2,632) | (1,120) |
| Revaluation reserve | | 180 | 180 | 126 |
| Retained earnings | | 22,533 | 21,139 | 18,259 |
| Common shareholders' equity | | 31,815 | 31,636 | 31,429 |
| Preferred securities | | – | – | 475 |
| Shareholders' equity | | 31,815 | 31,636 | 31,905 |
| Non-controlling interests | | 2,656 | 2,380 | 1,336 |
| Total equity | | 34,472 | 34,017 | 33,241 |
| Total liabilities and equity | | 407,050 | 385,869 | 375,623 |

¹ Includes total liabilities related to the Santander acquired insurance businesses as of December 31, 2011 (see note 2).

² See note 2.

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

Consolidated financial statements *continued*

Consolidated statements of cash flows (unaudited)

| in USD millions, for the three months ended March 31 | 2012 | Restated 2011 |
|---|----------|------------------|
| Cash flows from operating activities | | |
| Net income attributable to shareholders | 1,143 | 640 |
| Adjustments for: | | |
| Income from equity method accounted investments | (2) | (2) |
| Depreciation, amortization and impairments of fixed and intangible assets | 249 | 202 |
| Other non-cash items | 204 | 320 |
| Underwriting activities: | 7,503 | 1,783 |
| Reserves for insurance contracts, gross | 5,081 | 2,080 |
| Reinsurers' share of reserves for insurance contracts | (123) | 80 |
| Liabilities for investment contracts | 2,924 | (234) |
| Deferred policy acquisition costs | (326) | (381) |
| Deferred origination costs | 37 | (3) |
| Deposits made under assumed reinsurance contracts | (77) | 261 |
| Deposits received under ceded reinsurance contracts | (11) | (22) |
| Investments: | (7,625) | 777 |
| Net capital (gains)/losses on total investments and impairments | (5,354) | 144 |
| Net change in trading securities and derivatives | (167) | (94) |
| Net change in money market investments | (186) | 509 |
| Sales and maturities | | |
| Debt securities | 29,829 | 25,695 |
| Equity securities | 16,056 | 15,345 |
| Other | 10,632 | 18,014 |
| Purchases | | |
| Debt securities | (30,896) | (26,997) |
| Equity securities | (16,229) | (14,507) |
| Other | (11,311) | (17,332) |
| Proceeds from sale and repurchase agreements | (159) | (448) |
| Movements in receivables and payables | (642) | (1,609) |
| Net changes in other operational assets and liabilities | (553) | (370) |
| Deferred income tax, net | 172 | (50) |
| Net cash provided by/(used in) operating activities | 290 | 1,242 |

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

| in USD millions, for the three months ended March 31 | 2012 | Restated 2011 |
|--|---------------|------------------|
| Cash flows from investing activities | | |
| Sales of property and equipment | 5 | 14 |
| Purchases of property and equipment | (51) | (64) |
| Acquisitions of companies, net of cash acquired ¹ | 104 | – |
| Divestments of companies, net of cash balances | (9) | – |
| Net cash used in investing activities | 50 | (49) |
| Cash flows from financing activities | | |
| Issuance of share capital | 58 | 36 |
| Net movement in treasury shares and preferred securities | 15 | 10 |
| Redemption of preferred securities and transactions with non-controlling interests | – | (150) |
| Issuance of debt | 500 | 534 |
| Net cash provided by/(used in) financing activities | 572 | 429 |
| Foreign currency translation effects on cash and cash equivalents | 279 | 455 |
| Change in cash and cash equivalents | 1,191 | 2,077 |
| Cash and cash equivalents as of January 1 | 10,048 | 9,726 |
| Cash and cash equivalents as of March 31 | 11,239 | 11,803 |
| of which: | | |
| – cash and cash equivalents – Group investments | 10,046 | 10,282 |
| – cash and cash equivalents – unit linked | 1,193 | 1,521 |
| Other supplementary cash flow disclosures | | |
| Other interest income received | 1,981 | 1,898 |
| Dividend income received | 358 | 332 |
| Other interest expense paid | (153) | (148) |
| Income tax (paid) | (195) | 29 |

¹ Cash acquired related to the Santander acquired insurance businesses (see note 2).

As of March 31, 2012 and 2011, cash and cash equivalents held to meet local regulatory requirements were USD 1,598 million and USD 756 million, respectively.

Cash and cash equivalents

| in USD millions, as of March 31 | 2012 | Restated 2011 |
|--|---------------|------------------|
| Cash and cash equivalents comprise the following: | | |
| Cash at bank and in hand | 5,398 | 7,183 |
| Cash equivalents | 5,841 | 4,620 |
| Total | 11,239 | 11,803 |

Consolidated financial statements *continued*

Consolidated statements of changes in equity (unaudited)

in USD millions

| | Share capital | Additional paid-in capital | Net unrealized gains/(losses) on available-for-sale investments |
|--|---------------|----------------------------|---|
| Balance as of December 31, 2010 | 10 | 11,630 | 2,468 |
| Issuance of share capital ¹ | – | 134 | – |
| Dividends to shareholders ² | – | (1,911) | – |
| Redemption of preferred shares ⁴ | – | (7) | – |
| Share-based payment transactions | – | (97) | – |
| Treasury share transactions ⁵ | – | (16) | – |
| Total comprehensive income for the period, net of tax | – | – | (262) |
| <i>Net income</i> | – | – | – |
| <i>Net unrealized gains/(losses) on available-for-sale investments</i> | – | – | (262) |
| <i>Cash flow hedges</i> | – | – | – |
| <i>Cumulative foreign currency translation adjustment</i> | – | – | – |
| <i>Net actuarial gains/(losses) on pension plans</i> | – | – | – |
| Net changes in capitalization of non-controlling interests | – | – | – |
| Balance as of March 31, 2011, as restated | 10 | 9,732 | 2,206 |
| Balance as of December 31, 2011 | 10 | 9,907 | 2,800 |
| Issuance of share capital ¹ | – | 172 | – |
| Dividends to shareholders ³ | – | (1,923) | – |
| Share-based payment transactions | – | (98) | – |
| Treasury share transactions ⁵ | – | (2) | – |
| Total comprehensive income for the period, net of tax | – | – | 1,067 |
| <i>Net income</i> | – | – | – |
| <i>Net unrealized gains/(losses) on available-for-sale investments</i> | – | – | 1,067 |
| <i>Cash flow hedges</i> | – | – | – |
| <i>Cumulative foreign currency translation adjustment</i> | – | – | – |
| <i>Net actuarial gains/(losses) on pension plans</i> | – | – | – |
| Net changes in capitalization of non-controlling interests | – | – | – |
| Balance as of March 31, 2012 | 11 | 8,056 | 3,867 |

¹ The number of common shares issued as of March 31, 2012 was 148,082,750 (March 31, 2011: 147,191,925, December 31, 2011: 147,385,822, December 31, 2010: 146,586,896).

² As approved by the Annual General Meeting on March 31, 2011, the dividend of CHF 17 per share was paid out of the capital contribution reserve. The difference of USD 795 million between the dividend at transaction day exchange rates amounting to USD 2,706 million and the dividend at historical exchange rates amounting to USD 1,912 million is reflected in the cumulative foreign currency translation adjustment.

³ As approved by the Annual General Meeting on March 29, 2012, the dividend of CHF 17 per share will be paid out of the capital contribution reserve. The difference of USD 840 million between the dividend at transaction day exchange rates amounting to USD 2,763 million and the dividend at historical exchange rates amounting to USD 1,923 million is reflected in the cumulative foreign currency translation adjustment.

⁴ Zurich RegCaPS Funding Trusts II, V and VI redeemed USD 575 million of Trust Capital Securities II, V and VI on March 30, 2011 (Series II), on April 4, 2011 (Series V) and on April 25, 2011 (Series VI) respectively.

⁵ The number of treasury shares deducted from equity as of March 31, 2012 amounted to 1,371,908 (March 31, 2011: 1,394,303, December 31, 2011: 1,373,392, December 31, 2010: 1,399,080).

| | Cash flow hedges | Cumulative foreign currency translation adjustment | Revaluation reserve | Retained earnings | Common shareholders' equity | Preferred securities | Shareholders' equity | Non-controlling interests | Total equity |
|--|------------------|--|---------------------|-------------------|-----------------------------|----------------------|----------------------|---------------------------|---------------|
| | 56 | (1,120) | 126 | 18,259 | 31,429 | 475 | 31,905 | 1,336 | 33,241 |
| | - | - | - | - | 134 | - | 134 | - | 134 |
| | - | - | - | - | (1,911) | (3) | (1,914) | - | (1,914) |
| | - | - | - | - | (7) | (144) | (151) | - | (151) |
| | - | - | - | - | (97) | - | (97) | - | (97) |
| | - | - | - | 27 | 10 | - | 10 | - | 10 |
| | (57) | (219) | - | 699 | 162 | 3 | 165 | 75 | 239 |
| | - | - | - | 637 | 637 | 3 | 640 | | |
| | - | - | - | - | (262) | - | (262) | | |
| | (57) | - | - | - | (57) | - | (57) | | |
| | - | (219) | - | - | (219) | - | (219) | | |
| | - | - | - | 62 | 62 | - | 62 | | |
| | - | - | - | - | - | - | - | 53 | 53 |
| | (1) | (1,339) | 126 | 18,986 | 29,721 | 332 | 30,052 | 1,464 | 31,516 |
| | 232 | (2,632) | 180 | 21,139 | 31,636 | - | 31,636 | 2,380 | 34,017 |
| | - | - | - | - | 172 | - | 172 | - | 172 |
| | - | - | - | - | (1,923) | - | (1,923) | (1) | (1,924) |
| | - | - | - | - | (98) | - | (98) | - | (98) |
| | - | - | - | 16 | 15 | - | 15 | - | 15 |
| | (2) | (429) | - | 1,377 | 2,013 | - | 2,013 | 172 | 2,185 |
| | - | - | - | 1,143 | 1,143 | - | 1,143 | | |
| | - | - | - | - | 1,067 | - | 1,067 | | |
| | (2) | - | - | - | (2) | - | (2) | | |
| | - | (429) | - | - | (429) | - | (429) | | |
| | - | - | - | 235 | 235 | - | 235 | | |
| | - | - | - | - | - | - | - | 106 | 106 |
| | 230 | (3,061) | 180 | 22,533 | 31,815 | - | 31,815 | 2,656 | 34,472 |

Consolidated financial statements *continued*

1. Basis of presentation

General information

Zurich Insurance Group Ltd (formerly known as Zurich Financial Services Ltd), a Swiss corporation, is the holding company of the Group and is listed on the SIX Swiss Exchange. Zurich Insurance Group Ltd was incorporated on April 26, 2000, in Zurich, Switzerland. It is recorded in the Commercial Register of the Canton of Zurich under its registered address at Mythenquai 2, 8002 Zurich. On April 4, 2012, Zurich Financial Services Ltd was renamed to Zurich Insurance Group Ltd in line with the streamlining of its business to concentrate on insurance. Also, the Swiss regulator FINMA has re-designated the Group from an insurance denominated conglomerate to a pure insurance group. Throughout this document, the new name Zurich Insurance Group Ltd is used consistently even if reference is made to facts that occurred prior to the renaming of the Company.

The unaudited Consolidated financial statements for the three months ended March 31, 2012 of Zurich Insurance Group Ltd and its subsidiaries (collectively the Group) have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting." The accounting policies used to prepare the unaudited Consolidated financial statements comply with International Financial Reporting Standards (IFRS), and are consistent with those set out in the notes to the Consolidated financial statements in the Annual Report 2011 of the Group.

The accounting policies applied by the reportable segments are the same as those applied by the Group. The Group accounts for inter-segment revenues and transfers as if the transactions were with third parties at current market prices, with the exception of dividends, realized capital gains as well as gains and losses on transfer of net assets, which are eliminated against equity. In the unaudited Consolidated financial statements inter-segment revenues and transfers are eliminated.

The unaudited Consolidated financial statements should be read in conjunction with the Group's Annual Report 2011.

Certain amounts recorded in the unaudited Consolidated financial statements reflect estimates and assumptions made by management about insurance liability reserves, investment valuations, interest rates and other factors. Actual results may differ from the estimates and assumptions made. In addition, interim results are not necessarily indicative of full year results.

In the Group's General Insurance business in Germany, prior year results were misstated for a period of time due to some errors in adjustments between local GAAP and IFRS. This resulted in incorrect reserves for losses, unearned premium reserves and deferred acquisition costs for some specific products. The errors identified by management, have resulted for the three months ended March 31, 2011 in a positive impact on net income after taxes of USD 3 million and on business operating profit a gain of USD 4 million. The impact on various line items for the three months ended March 31, 2011 in the consolidated income statement is set out in the restatement table. Consolidated income statements, consolidated balance sheets, consolidated statements of cash flows, consolidated statements of changes in equity and notes 4, 6, 7, 10, 12 and 15 have been restated accordingly.

The Group erroneously classified certain life insurance products. The classification was corrected in 2012 as the impact on the Group's consolidated income statement was not material. The reclassifications in the balance sheet from liabilities for investment contracts to reserves for unit-linked contracts are set out in notes 4 and 5.

All amounts in the unaudited Consolidated financial statements, unless otherwise stated, are shown in USD, rounded to the nearest million with the consequence that the rounded amounts may not add to the rounded total in all cases.

Table 1.1 summarizes the principal exchange rates that have been used for translation purposes. Net gains/(losses) on foreign currency transactions included in the consolidated income statements were USD (18) million and USD 77 million for the three months ended March 31, 2012 and 2011, respectively. Foreign currency exchange forward and swap gains/(losses) included in these amounts were USD 14 million and USD 85 million for the three months ended March 31, 2012 and 2011, respectively.

| Principal exchange rates | Balance sheets | | Income statements and cash flows | |
|--------------------------|----------------|------------|----------------------------------|------------|
| | 03/31/2012 | 12/31/2011 | 03/31/2012 | 03/31/2011 |
| | Euro | 1.3333 | 1.2969 | 1.3109 |
| Swiss franc | 1.1078 | 1.0666 | 1.0852 | 1.0633 |
| British pound | 1.5986 | 1.5533 | 1.5707 | 1.6018 |

Implementation of new accounting standards

The following new accounting standards or amendments to and interpretations of standards relevant to the Group have been implemented for the financial year beginning January 1, 2012, with no material impact on the Group's financial position or performance:

| Standard/ Interpretation | | Effective date |
|--------------------------|--|----------------|
| Amended Standards | | |
| IFRS 7 | Disclosures – Transfer of Financial Assets | 1 July 2011 |
| IAS 12 | Deferred Tax – Recovery of Underlying Assets | 1 January 2012 |

The Group has not early-adopted the following standards:

| Standard/ Interpretation | | Effective date |
|--------------------------|---|----------------|
| New Standards | | |
| IFRS 10 | Consolidated Financial Statements | 1 January 2013 |
| IFRS 11 | Joint Arrangements | 1 January 2013 |
| IFRS 12 | Disclosure of Interests in Other Entities | 1 January 2013 |
| IFRS 13 | Fair Value Measurement | 1 January 2013 |
| IFRS 9 | Financial Instruments | 1 January 2015 |
| Amended Standards | | |
| IAS 1 | Presentations of Components of Other Comprehensive Income (OCI) | 1 July 2012 |
| IAS 19 | Employee Benefits | 1 January 2013 |
| IAS 27 | Separate Financial Statements | 1 January 2013 |
| IAS 28 | Investments in Associates and Joint Ventures | 1 January 2013 |
| IAS 32 | Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |

Consolidated financial statements *continued*

| Table 1.4 | | | | |
|--|---|-----------------|-------------|---------------|
| Restatement of the consolidated income statement | in USD millions, for the three months ended March 31, 2011 | As reported | Restatement | As restated |
| | | Revenues | | |
| | Gross written premiums | 13,510 | – | 13,510 |
| | Policy fees | 581 | – | 581 |
| | Gross written premiums and policy fees | 14,091 | – | 14,091 |
| | Less premiums ceded to reinsurers | (1,584) | – | (1,584) |
| | Net written premiums and policy fees | 12,507 | – | 12,507 |
| | Net change in reserves for unearned premiums | (1,679) | 5 | (1,674) |
| | Net earned premiums and policy fees | 10,828 | 5 | 10,834 |
| | Farmers management fees and other related revenues | 682 | – | 682 |
| | Net investment result on Group investments | 1,699 | – | 1,699 |
| | Net investment income on Group investments | 1,780 | – | 1,780 |
| | Net capital gains/(losses) and impairments on Group investments | (81) | – | (81) |
| | Net investment result on unit-linked investments | 303 | – | 303 |
| | Other income | 345 | – | 345 |
| | Total revenues | 13,858 | 5 | 13,863 |
| | Benefits, losses and expenses | | | |
| | Insurance benefits and losses, gross of reinsurance | 9,216 | – | 9,216 |
| | Less ceded insurance benefits and losses | (697) | – | (697) |
| | Insurance benefits and losses, net of reinsurance | 8,519 | – | 8,519 |
| | Policyholder dividends and participation in profits, net of reinsurance | 529 | – | 529 |
| | Underwriting and policy acquisition costs, net of reinsurance | 1,938 | 1 | 1,939 |
| | Administrative and other operating expense | 1,794 | – | 1,794 |
| | Interest expense on debt | 136 | – | 136 |
| | Interest credited to policyholders and other interest | 122 | – | 122 |
| | Total benefits, losses and expenses | 13,038 | 1 | 13,039 |
| | Net income before income taxes | 820 | 4 | 824 |
| | Income tax expense | (175) | (1) | (177) |
| | attributable to policyholders | 24 | – | 24 |
| | attributable to shareholders | (199) | (1) | (200) |
| | Net income after taxes | 644 | 3 | 648 |
| | attributable to non-controlling interests | 7 | – | 7 |
| | attributable to shareholders | 637 | 3 | 640 |
| | in USD | | | |
| | Basic earnings per share | 4.36 | 0.02 | 4.39 |
| | Diluted earnings per share | 4.33 | 0.02 | 4.35 |
| | in CHF | | | |
| | Basic earnings per share | 4.10 | 0.02 | 4.13 |
| | Diluted earnings per share | 4.07 | 0.02 | 4.09 |

2. Acquisitions and divestments

Transactions in 2012

Divestments

On February 3, 2012 the Group sold all of its shares in Escape Premium Collection Proprietary Limited operating in the premium financing and collection business in South Africa for a total consideration, net of immaterial transaction costs, of USD 4 million. An immaterial pre-tax gain on divestment of businesses was realized.

Transactions in 2011

Acquisitions

On October 5, 2011 the Group completed the acquisition of a 51.0 percent participation in a holding company, which owned the life insurance, pension and general insurance operations of Banco Santander S.A. (Santander) in Brazil and Argentina. Between November 2, 2011 and November 4, 2011 the holding company completed the acquisition of a 100 percent participation in the life insurance, pension and general insurance operations of Santander in Chile, Mexico and Uruguay with the Group ultimate ownership of 51.0 percent. The Group obtained control over the acquired entities through its majority of voting rights in the holding company's board of directors and as shareholder, which allows the Group to direct the relevant activities of the insurance operations. As part of the transaction, the Group entered into long-term strategic distribution arrangements with Santander in Latin America. This transaction is in line with the Group's emerging market strategy in both Global Life and General Insurance, and significantly expands the Group's presence in Latin America.

The initial consideration paid by the Group amounted to approximately USD 1.2 billion, subject to final purchase price adjustment. The Group and Santander also entered into long term loan agreements with one of the acquired companies, whereby total funds of USD 511 million were provided in line with the shareholdings of Group and Santander. In addition to the initial consideration, both an earn-out component based on the future profitability under the distribution agreements and a protection mechanism for the Group's initial consideration, which is based on a similar future profitability criterion, were agreed. Under the earn-out arrangement, payments are scheduled to be made after every five year period starting January 1, 2011 until December 31, 2035 by the Group, subject to the achievement of the profitability criterion. The earn-out payments which are denominated in local currency, are scheduled to increase over the 25 year period up to a cumulative maximum total amount of USD 1.6 billion, based on acquisition foreign exchange rates. On a present value basis the cumulative maximum earn-out payments amount to USD 334 million. The fair value of the earn-out liability was not reflected in the Consolidated financial statements as of December 31, 2011. As of March 31, 2012, the fair value of the earn-out liability as of acquisition was estimated to amount to USD 99 million and has now been included in the Consolidated financial statements. The fair value was derived by a probability weighting of different profitability scenarios and by applying a local currency based discount rate.

As of December 31, 2011, total assets of the acquired Latin American insurance operations of Banco Santander S.A. (Santander acquired insurance businesses) were estimated to amount to USD 15.6 billion and total liabilities to USD 13.2 billion. Such amounts were recognized in one line within other assets and other liabilities. As of March 31, 2012, total assets including identifiable intangible assets net of deferred tax liabilities of the insurance operations as of the acquisition date have been revised to USD 16.0 billion and total liabilities have been revised to USD 13.0 billion (these amounts exclude Other Operating Businesses related amounts). These amounts are allocated to individual balance sheet line items. The assets and liabilities of the acquired holding companies were already included in the respective balance sheet line items as of December 31, 2011. The identifiable intangible assets, net of deferred tax, comprise the distribution agreements in Brazil, Argentina, Mexico and Chile amounting to USD 1.4 billion and the present value of future profits (PVFP) of acquired insurance contracts for the Life businesses in Brazil, Mexico and Chile of USD 239 million. Based on these numbers, the residual goodwill is nil. The distribution agreement and PVFP were determined on the basis of country specific in force data, transaction projections and assumptions. The non-controlling interests are valued proportionately to the purchase price paid by the Group.

Consolidated financial statements *continued*

The table below shows the main balance sheet line items as of the acquisition date, representing the fair value of the companies acquired.

| Table 2.1 | | | | |
|---|---------------------------------------|-------------------|----------------------------|---------------|
| Business combinations | in USD millions, per acquisition date | | | |
| | Global Life | General Insurance | Other Operating Businesses | Total |
| Cash and cash equivalents | 127 | 6 | 3 | 136 |
| Equity securities | 10,907 | 139 | – | 11,046 |
| Debt securities | 1,461 | 209 | – | 1,670 |
| Other investments | 81 | 26 | – | 107 |
| Total investments¹ | 12,449 | 374 | – | 12,822 |
| Reinsurers' share of reserves for insurance contracts | 2 | 228 | – | 230 |
| Deferred policy acquisition costs | 481 | 53 | – | 535 |
| Receivables and other assets | 275 | 290 | – | 565 |
| Deferred tax assets | 139 | – | – | 139 |
| Tangible assets acquired | 13,473 | 951 | 3 | 14,427 |
| Identifiable intangible assets | 2,012 | 347 | – | 2,359 |
| Deferred tax liabilities | (657) | (102) | – | (759) |
| Goodwill | – | – | – | – |
| Intangible assets acquired, net of deferred tax | 1,355 | 245 | – | 1,600 |
| Reserves for insurance contracts ¹ | (11,886) | (388) | – | (12,274) |
| Deferred tax liabilities | – | (7) | – | (7) |
| Senior and subordinated debt | – | – | (511) | (511) |
| Other liabilities | (447) | (297) | – | (744) |
| Liabilities acquired | (12,333) | (692) | (511) | (13,536) |
| Net assets acquired | 2,495 | 504 | (508) | 2,491 |
| Non-controlling interests | | | | (1,221) |
| Total acquisition costs | | | | 1,271 |
| Cash consideration | | | | 1,156 |
| Fair value of contingent consideration | | | | 99 |
| Preliminary purchase price adjustment | | | | 16 |

¹ Includes unit-linked business.

The financial result for the period since acquisition until December 31, 2011 is included in the Group's consolidated income statement for the three months ended March 31, 2012. The main income statement information for the Santander acquired insurance companies is shown in the table below.

| Table 2.2 | | | | |
|--|-----------------|-------------------|----------------------------|-------|
| Income statement information | in USD millions | | | |
| | Global Life | General Insurance | Other Operating Businesses | Total |
| Information since acquisition | | | | |
| Gross written premiums and policy fees | 331 | 116 | – | 447 |
| Total revenues | 646 | 71 | 1 | 718 |
| Business operating profit before non-controlling interests | 30 | 17 | (17) | 31 |
| Business operating profit after non-controlling interests | 15 | 9 | (9) | 16 |
| Net income after taxes before non-controlling interests | | | | 24 |
| Net income after taxes after non-controlling interests | | | | 12 |
| 12 months local GAAP information¹ | | | | |
| Gross written premium | 2,326 | 677 | n/a | 3,003 |
| Net income after taxes | n/a | n/a | n/a | 372 |

¹ Based on local GAAP information, as full year IFRS information is not available. The information is deemed to be a reasonable approximation but excludes the amortization of identifiable intangible assets and PVFP.

Acquisition related costs of USD 24 million were included in other administrative expenses for the year ended December 31, 2011, and were excluded from business operating profit.

On September 30, 2011, the Group completed the acquisition of 100 percent of Malaysian Assurance Alliance Berhad (MAA), a composite insurer based in Malaysia, together with 100 percent of four related services companies. The acquisition of MAA is aligned with the Group's emerging-market strategy of expanding the Group's presence in the Asia-Pacific region. The total preliminary purchase price of USD 135 million included an initial consideration of USD 108 million and an anticipated purchase price adjustment amounting to USD 27 million. As of March 31, 2012 the Group was still in the process of finalizing the purchase price adjustment. Of the initial consideration, USD 56 million was paid in cash on completion, USD 30 million was placed into escrow and USD 22 million was retained by the Group. The amount in escrow and the retention are to be held for a period of two years. The fair value of net tangible assets acquired amounted to USD 113 million and identifiable intangible assets, net of deferred tax, amounted to USD 19 million which mainly consisted of the PVFP from insurance contracts. Residual goodwill amounted to USD 3 million. In addition, the Group has injected approximately USD 135 million of capital into MAA since the completion of the acquisition to meet regulatory capital requirements.

On July 12, 2011, as part of its preparations for local regulatory changes, the Group completed the acquisition of 75.0 percent of 2Plan Group Limited, an independent financial advice firm based in the UK. The total purchase price for the acquisition amounted to zero. The remaining 25.0 percent shareholding continues to be held by members of the founder management team who have options to sell their shareholdings to the Group at a price contingent upon the achievement of future profit targets by 2Plan Group Limited. Based on the preliminary initial purchase accounting the tangible net assets acquired amounted to negative USD 4 million (initially USD 5 million) and identifiable intangible assets, net of deferred tax, amounted to USD 1 million consisting of software and capitalized recruitment director fees. Goodwill amounted to USD 3 million (initially USD 4 million) and reflects the future value from the Group's improved independent financial advisor proposition and technology offering in the UK.

Divestments

On January 12, 2012, the Group sold all of its shares in La Boliviana Ciacruz de Seguros y Reaseguros S.A. and Zurich Boliviana de Seguros Personales S.A. based in Bolivia, general and life insurance companies. As of December 31, 2011 the operations were classified as held for sale and the resulting loss on divestment of businesses amounted to USD 13 million.

On June 30, 2011, the Group sold all of its shares in Lonsec Limited, including three wholly owned subsidiaries, a research and broking company based in Australia, in an effort to focus on its core business lines, recording a pre-tax gain on disposal in aggregate of USD 10 million. On July 1, 2011, the Group entered into business outsourcing agreements for which a pre-tax gain of USD 9 million was realized. Total cash and net assets divested in 2011 were USD 8 million and USD 8 million, respectively. The total consideration received in 2011, net of immaterial transaction costs, amounted to USD 28 million.

Consolidated financial statements *continued*

3. Investments

Table 3.1a

| Investment result for total investments | in USD millions, for the three months ended March 31 | | | | | |
|---|--|--------------|--|--------------|-------------------|--------------|
| | Net investment income | | Net capital gains/ (losses) on investments and impairments | | Investment result | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Cash and cash equivalents | 20 | 13 | 8 | (10) | 27 | 3 |
| Equity securities | 364 | 375 | 5,461 | 117 | 5,826 | 493 |
| Debt securities | 1,363 | 1,405 | 290 | (143) | 1,652 | 1,262 |
| Real estate held for investment | 208 | 208 | (90) | 43 | 118 | 251 |
| Mortgage loans | 111 | 122 | (30) | (7) | 81 | 115 |
| Other loans | 209 | 210 | – | 22 | 209 | 232 |
| Investments in associates and joint ventures | 2 | 2 | – | (50) | 2 | (48) |
| Derivative financial instruments ¹ | – | – | (285) | (116) | (285) | (116) |
| Investment result, gross | 2,277 | 2,335 | 5,354 | (144) | 7,631 | 2,191 |
| Investment expenses | (176) | (189) | – | – | (176) | (189) |
| Investment result, net | 2,101 | 2,146 | 5,354 | (144) | 7,455 | 2,002 |

¹ Net capital gains/(losses) on derivatives attributable to cash flow hedge ineffectiveness amounted to USD (16) million and USD 4 million for the three months ended March 31, 2012 and 2011, respectively.

Rental operating expenses for real estate held for investment included in investment expenses for total investments amounted to USD 44 million and USD 49 million for the three months ended March 31, 2012 and 2011, respectively.

Table 3.1b

| Investment result for Group investments | in USD million, for the three months ended March 31 | | | | | |
|---|---|--------------|--|-------------|-------------------|--------------|
| | Net investment income | | Net capital gains/ (losses) on investments and impairments | | Investment result | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Cash and cash equivalents | 14 | 12 | – | – | 14 | 11 |
| Equity securities | 71 | 84 | 144 | 57 | 215 | 141 |
| Debt securities | 1,300 | 1,336 | 122 | (52) | 1,422 | 1,284 |
| Real estate held for investment | 129 | 125 | 17 | 49 | 146 | 175 |
| Mortgage loans | 111 | 122 | (30) | (7) | 81 | 115 |
| Other loans | 144 | 160 | – | 22 | 144 | 182 |
| Investments in associates and joint ventures | 2 | 2 | – | (50) | 2 | (48) |
| Derivative financial instruments ¹ | – | – | (203) | (101) | (203) | (101) |
| Investment result, gross for Group investments | 1,770 | 1,841 | 50 | (81) | 1,820 | 1,760 |
| Investment expenses for Group investments | (60) | (61) | – | – | (60) | (61) |
| Investment result, net for Group investments | 1,710 | 1,780 | 50 | (81) | 1,760 | 1,699 |

¹ Net capital gains/(losses) on derivatives attributable to cash flow hedge ineffectiveness amounted to USD (16) million and USD 4 million for the three months ended March 31, 2012 and 2011, respectively.

For the three months ended March 31, 2012 and 2011, respectively, impairment charges on Group investments included in net capital gains/(losses) amounted to USD 52 million and USD 54 million, including USD 30 million and USD 8 million, respectively, for impairment charges on mortgage loans and other loans.

Table 3.1c

| Investment result for unit-linked contracts | in USD millions, for the three months ended March 31 | | Net capital gains/ (losses) on investments | | Investment result | |
|---|--|------------|--|-------------|-------------------|------------|
| | Net investment income | | | | | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Cash and cash equivalents | 6 | 2 | 8 | (10) | 13 | (8) |
| Equity securities | 294 | 291 | 5,317 | 60 | 5,611 | 351 |
| Debt securities | 63 | 68 | 167 | (91) | 230 | (23) |
| Real estate held for investment | 79 | 83 | (107) | (7) | (27) | 76 |
| Other loans | 65 | 50 | – | – | 65 | 50 |
| Derivative financial instruments | – | – | (82) | (16) | (82) | (16) |
| Investment result, gross for unit-linked contracts | 507 | 494 | 5,304 | (63) | 5,811 | 431 |
| Investment expenses for unit-linked contracts | (116) | (128) | – | – | (116) | (128) |
| Investment result, net unit-linked contracts | 391 | 366 | 5,304 | (63) | 5,695 | 303 |

Table 3.2

| Net capital gains, losses and impairments on equity and debt securities on total investments | in USD millions, for the three months ended March 31 | | Equity securities | | Debt securities | | Total | |
|--|--|------------|-------------------|--------------|-----------------|-------------|-------|------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Securities at fair value through profit or loss: | 5,455 | 109 | 94 | (130) | 5,549 | (21) | | |
| Net capital gains/(losses) on Group investments | 138 | 49 | (73) | (39) | 64 | 10 | | |
| <i>of which:</i> | | | | | | | | |
| <i>Trading securities</i> | 12 | 12 | 1 | (1) | 12 | 11 | | |
| <i>Securities designated at fair value through profit or loss</i> | 126 | 36 | (74) | (38) | 52 | (1) | | |
| Net capital gains/(losses) for unit-linked contracts | 5,317 | 60 | 167 | (91) | 5,484 | (31) | | |
| Available-for-sale securities: | 6 | 9 | 196 | (13) | 202 | (5) | | |
| Realized capital gains on Group investments | 46 | 71 | 346 | 236 | 392 | 307 | | |
| Realized capital losses on Group investments | (25) | (21) | (143) | (244) | (168) | (265) | | |
| Impairments on Group investments | (15) | (41) | (7) | (5) | (21) | (46) | | |
| Total net capital gains/(losses) and impairments | 5,461 | 117 | 290 | (143) | 5,751 | (25) | | |

Consolidated financial statements *continued*

| Details of total investments by category | Table 3.3a | | Total investments | |
|---|----------------|--------------|-------------------|--------------|
| | as of | | 12/31/11 | |
| | USD millions | % of total | USD millions | % of total |
| Cash and cash equivalents | 11,239 | 3.4 | 10,048 | 3.4 |
| Equity securities: | | | | |
| Fair value through profit or loss | 101,611 | 30.9 | 83,116 | 27.8 |
| <i>of which:</i> | | | | |
| <i>Trading securities</i> | 444 | 0.1 | 438 | 0.1 |
| <i>Securities designated at fair value through profit or loss</i> | 101,167 | 30.7 | 82,678 | 27.7 |
| Available-for-sale | 9,392 | 2.9 | 7,973 | 2.7 |
| Total equity securities | 111,003 | 33.7 | 91,088 | 30.5 |
| Debt securities: | | | | |
| Fair value through profit or loss | 20,956 | 6.4 | 19,845 | 6.6 |
| <i>of which:</i> | | | | |
| <i>Trading securities</i> | 51 | 0.0 | 50 | 0.0 |
| <i>Securities designated at fair value through profit or loss</i> | 20,905 | 6.4 | 19,795 | 6.6 |
| Available-for-sale | 135,552 | 41.2 | 129,306 | 43.2 |
| Held-to-maturity | 5,511 | 1.7 | 5,535 | 1.9 |
| Total debt securities | 162,019 | 49.2 | 154,686 | 51.7 |
| Real estate held for investment | 12,685 | 3.9 | 12,365 | 4.1 |
| Mortgage loans | 11,225 | 3.4 | 11,058 | 3.7 |
| Other loans | 20,864 | 6.3 | 19,582 | 6.5 |
| Investments in associates and joint ventures | 164 | 0.0 | 161 | 0.1 |
| Total investments | 329,199 | 100.0 | 298,988 | 100.0 |

Details of Group investments by category

Table 3.3b

| as of | Group investments | | | |
|---|-------------------|--------------|----------------|--------------|
| | 03/31/12 | | 12/31/11 | |
| | USD millions | % of total | USD millions | % of total |
| Cash and cash equivalents | 10,046 | 4.9 | 8,768 | 4.5 |
| Equity securities: | | | | |
| Fair value through profit or loss | 4,116 | 2.0 | 3,253 | 1.7 |
| <i>of which:</i> | | | | |
| <i>Trading securities</i> | 444 | 0.2 | 438 | 0.2 |
| <i>Securities designated at fair value through profit or loss</i> | 3,672 | 1.8 | 2,816 | 1.4 |
| Available-for-sale | 9,392 | 4.6 | 7,973 | 4.1 |
| Total equity securities | 13,508 | 6.6 | 11,226 | 5.8 |
| Debt securities: | | | | |
| Fair value through profit or loss | 8,377 | 4.1 | 8,020 | 4.1 |
| <i>of which:</i> | | | | |
| <i>Trading securities</i> | 51 | 0.0 | 50 | 0.0 |
| <i>Securities designated at fair value through profit or loss</i> | 8,326 | 4.0 | 7,971 | 4.1 |
| Available-for-sale | 135,552 | 65.9 | 129,306 | 66.5 |
| Held-to-maturity | 5,511 | 2.7 | 5,535 | 2.8 |
| Total debt securities | 149,440 | 72.6 | 142,861 | 73.5 |
| Real estate held for investment | 8,707 | 4.2 | 8,468 | 4.4 |
| Mortgage loans | 11,225 | 5.5 | 11,058 | 5.7 |
| Other loans | 12,703 | 6.2 | 11,842 | 6.1 |
| Investments in associates and joint ventures | 164 | 0.1 | 161 | 0.1 |
| Total Group investments | 205,793 | 100.0 | 194,385 | 100.0 |

Cash and investments with a carrying value of USD 6,480 million and USD 6,227 million were deposited with regulatory authorities as of March 31, 2012, and December 31, 2011, respectively.

Securities under security lending and repurchase agreements

As of March 31, 2012 and December 31, 2011, investments included USD 7,623 million and USD 6,298 million, respectively, of loaned securities. These loaned securities were mainly debt securities. Liabilities for cash collateral received for securities lending comprised USD 239 million and USD 159 million as of March 31, 2012 and December 31, 2011, respectively. Non-cash collateral received for loaned securities comprised mainly equity and debt securities and amounted to USD 7,993 million and USD 6,474 million as of March 31, 2012 and December 31, 2011, respectively. The Group can sell or repledge the collateral only in the event of default by a counterparty.

As of March 31, 2012 and December 31, 2011, respectively, debt securities with a carrying value of USD 1,705 million and USD 1,807 million have been sold to financial institutions under repurchase agreements. These securities continue to be recognized as investments in the Group's consolidated balance sheets. Obligations to repurchase these securities amounted to USD 1,684 million and USD 1,794 million as of March 31, 2012 and December 31, 2011, respectively.

The Group retains the rights to the risks and the benefits of ownership of loaned securities and securities under repurchase agreements. These risks and benefits include changes in market values and income earned.

Consolidated financial statements *continued*

| Details of investments held for unit-linked contracts | Table 3.3c | | Investments for unit-linked contracts | | | |
|---|---------------------------|----------------|---------------------------------------|----------------|--------------|------------|
| | as of | | 03/31/12 | | 12/31/11 | |
| | | | USD millions | % of total | USD millions | % of total |
| | Cash and cash equivalents | | 1,193 | 1.0 | 1,280 | 1.2 |
| Equity securities | | 97,495 | 79.0 | 79,862 | 76.3 | |
| Debt securities | | 12,579 | 10.2 | 11,825 | 11.3 | |
| Real estate | | 3,978 | 3.2 | 3,898 | 3.7 | |
| Other loans | | 8,161 | 6.6 | 7,739 | 7.4 | |
| Total investments for unit-linked contracts | | 123,406 | 100.0 | 104,603 | 100.0 | |

Investments held under unit-linked investments contracts are classified as designated at fair value through profit or loss.

Accrued interest on unit-linked investments disclosed under accrued investment income amounted to USD 230 million and USD 303 million as of March 31, 2012 and December 31, 2011, respectively.

| Net unrealized gains/(losses) on Group investments included in other comprehensive income | Table 3.4 | | Total | |
|---|------------------------|--|--------------|--------------|
| | in USD millions, as of | | 03/31/12 | 12/31/11 |
| | | | | |
| Equity securities: available-for-sale | | | 1,789 | 1,072 |
| Debt securities: available-for-sale | | | 5,586 | 3,941 |
| Other | | | 288 | 295 |
| Less: amount of net unrealized gains/(losses) on investments attributable to: | | | | |
| Life policyholder dividends and other policyholder liabilities | | | (2,177) | (1,349) |
| Life deferred acquisition costs | | | (276) | (97) |
| Deferred income taxes | | | (1,102) | (834) |
| Non-controlling interests | | | (11) | 3 |
| Total ¹ | | | 4,097 | 3,032 |

¹ Net unrealized gains include net gains arising on cash flow hedges of USD 230 million and USD 232 million as of March 31, 2012 and December 31, 2011, respectively.

4. Reserves for insurance contracts and reinsurers' share of reserves for insurance contracts

Table 4.1

| Reserves for insurance contracts | in USD millions, as of | | | | | |
|---|------------------------|----------------|-----------------|-----------------|----------------|----------------|
| | Gross | | Ceded | | Net | |
| | 03/31/12 | 12/31/11 | 03/31/12 | 12/31/11 | 03/31/12 | 12/31/11 |
| Reserves for losses and loss adjustment expenses | 68,537 | 67,525 | (12,513) | (12,401) | 56,023 | 55,124 |
| Reserves for unearned premiums | 20,020 | 16,567 | (2,829) | (2,332) | 17,191 | 14,235 |
| Future life policyholders' benefits | 82,822 | 79,314 | (2,595) | (2,572) | 80,227 | 76,742 |
| Policyholders' contract deposits and other funds | 19,433 | 18,251 | (2,168) | (2,181) | 17,266 | 16,070 |
| Reserves for unit-linked contracts | 74,023 | 59,154 | – | – | 74,023 | 59,154 |
| Total reserves for insurance contracts¹ | 264,835 | 240,811 | (20,105) | (19,486) | 244,730 | 221,325 |

¹ The total reserves for insurance contracts ceded are gross of allowances for uncollectible amounts of USD 111 million and USD 125 million as of March 31, 2012 and December 31, 2011, respectively.

Table 4.2

| Development of reserves for losses and loss adjustment expenses | in USD millions | | | | | |
|---|-----------------|---------------|-----------------|-----------------|---------------|---------------|
| | Gross | | Ceded | | Net | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| As of January 1 | 67,525 | 68,107 | (12,401) | (12,093) | 55,124 | 56,014 |
| Losses and loss adjustment expenses incurred: | | | | | | |
| Current year | 6,385 | 6,612 | (662) | (473) | 5,723 | 6,139 |
| Prior years | (118) | (198) | (31) | (77) | (149) | (275) |
| Total incurred | 6,267 | 6,414 | (693) | (550) | 5,574 | 5,864 |
| Losses and loss adjustment expenses paid: | | | | | | |
| Current year | (1,298) | (1,214) | 72 | 67 | (1,227) | (1,147) |
| Prior years | (4,889) | (5,362) | 670 | 770 | (4,219) | (4,592) |
| Total paid | (6,187) | (6,576) | 742 | 837 | (5,445) | (5,739) |
| Acquisitions/(divestments) and transfers ¹ | 48 | (2) | (21) | – | 28 | (2) |
| Foreign currency translation effects | 884 | 1,193 | (140) | (170) | 743 | 1,023 |
| As of March 31 | 68,537 | 69,137 | (12,513) | (11,976) | 56,023 | 57,160 |

¹ The 2012 net movement is related to the Santander acquired insurance businesses (see note 2).

The Group establishes loss reserves, which are estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty, requiring the use of informed estimates and judgments. Any changes in estimates or judgments are reflected in the results of operations in the period in which estimates and judgments are changed.

Significant delays may occur in the notification and settlement of claims, and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the balance sheet date. The reserves for losses and loss adjustment expenses are determined on the basis of information currently available; however, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments.

Table 4.2 shows the development of reserves for losses and loss adjustment expenses during the first three months of 2012. The increase of USD 900 million in total net reserves, mostly driven by the change in foreign currency of USD 743 million, also includes USD 149 million of favorable reserve development emerging from reserves established in prior years from various regions and lines of business. Favorable development was especially experienced in Switzerland's motor line of business and in the UK spread over many lines of business, except employers' liability due to increasing deafness claims.

Consolidated financial statements *continued*

Table 4.3

| Development of future life policyholders' benefits | in USD millions | Gross | | Ceded | | Net | |
|--|-----------------|-----------------|---------------|----------------|----------------|---------------|---------------|
| | | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| | | As of January 1 | 79,314 | 79,315 | (2,572) | (2,423) | 76,742 |
| Premiums | 2,456 | 2,475 | (126) | (129) | 2,330 | 2,346 | |
| Claims | (2,175) | (2,353) | 111 | 94 | (2,063) | (2,259) | |
| Fee income and other expenses | (533) | (464) | 13 | (1) | (521) | (465) | |
| Interest and bonuses credited to policyholders | 507 | 581 | (1) | (9) | 506 | 573 | |
| Change in assumptions | (155) | (16) | 24 | 1 | (131) | (15) | |
| Acquisitions/transfers ¹ | 1,038 | 187 | (2) | – | 1,036 | 187 | |
| (Decreases)/increases recorded in other comprehensive income | 44 | (23) | – | – | 44 | (23) | |
| Foreign currency translation effects | 2,327 | 3,357 | (43) | (61) | 2,284 | 3,297 | |
| As of March 31 | | 82,822 | 83,060 | (2,595) | (2,528) | 80,227 | 80,532 |

¹ The 2012 net movement relates to the Santander acquired insurance businesses (see note 2). The 2011 movement includes reclassifications of USD 212 million transferred from other liabilities to future life policyholders' benefits net of USD (27) million transferred to liabilities for investment contracts (see note 1 of the Consolidated financial statements 2011).

Table 4.4

| Policyholders' contract deposits and other funds gross | in USD millions, as of | 03/31/12 | 12/31/11 |
|--|------------------------|---------------|---------------|
| | | Annuities | 1,365 |
| Universal life and other contracts | | 11,837 | 11,577 |
| Policyholder dividends | | 6,232 | 5,355 |
| Total | | 19,433 | 18,251 |

Table 4.5

| Development of policyholders' contract deposits and other funds | in USD millions | Gross | | Ceded | | Net | |
|---|-----------------|-----------------|---------------|----------------|----------------|---------------|---------------|
| | | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| | | As of January 1 | 18,251 | 17,430 | (2,181) | (2,246) | 16,070 |
| Premiums | 309 | 334 | (18) | (14) | 291 | 319 | |
| Claims | (320) | (374) | 50 | 63 | (270) | (311) | |
| Fee income and other expenses | (72) | (84) | 2 | (1) | (71) | (86) | |
| Interest and bonuses credited to policyholders | 215 | 170 | (19) | (20) | 196 | 150 | |
| (Decrease)/increase recorded in other comprehensive income | 702 | (507) | – | – | 702 | (507) | |
| Foreign currency translation effects | 348 | 425 | (1) | (1) | 347 | 424 | |
| As of March 31 | | 19,433 | 17,394 | (2,168) | (2,220) | 17,266 | 15,174 |

Table 4.6

| Development of reserves for unit-linked contracts | in USD millions | Gross | | Ceded | | Net | |
|--|-----------------|-----------------|---------------|----------|----------|---------------|---------------|
| | | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| | | As of January 1 | 59,154 | 61,786 | – | – | 59,154 |
| Premiums | 2,613 | 2,220 | – | (1) | 2,613 | 2,219 | |
| Claims | (2,255) | (2,113) | – | 1 | (2,255) | (2,113) | |
| Fee income and other expenses | (650) | (368) | – | – | (650) | (368) | |
| Interest and bonuses credited/(charged) to policyholders | 3,166 | 401 | – | – | 3,166 | 401 | |
| Acquisitions/transfers ¹ | 10,308 | 119 | – | – | 10,308 | 119 | |
| Foreign currency translation effects | 1,686 | 1,915 | – | – | 1,686 | 1,915 | |
| As of March 31 | | 74,023 | 63,958 | – | – | 74,023 | 63,958 |

¹ The 2012 net movement relates to the Santander acquired insurance businesses (see note 2) and USD 259 million transferred from liabilities for investment contracts (see note 1). The 2011 movement relates to the reclassification of liabilities for investment contracts to reserves for unit-linked contracts (see note 1 of the Consolidated financial statements 2011).

5. Liabilities for investment contracts with and without discretionary participation features (DPF)

| Table 5.1 | | | |
|--------------------------------------|--|---------------|---------------|
| Liabilities for investment contracts | in USD millions, as of | 03/31/12 | 12/31/11 |
| | Liabilities related to unit-linked investment contracts | 48,137 | 44,220 |
| | Liabilities related to investment contracts (amortized cost) | 841 | 834 |
| | Liabilities related to investment contracts with DPF | 5,806 | 5,607 |
| | Total | 54,784 | 50,661 |

Unit-linked investment contracts issued by the Group are recorded at a value reflecting the returns on investment funds which include selected equities, debt securities and derivatives. Policyholders bear the full risk of the returns on these investments.

The value of liabilities related to investment contracts at amortized cost is based on a discounted cash flow valuation technique. The initial valuation of the discount rate is determined by the current market assessment of the time value of money and risk specific to the liability.

| Table 5.2 | | | |
|---|--|---------------|---------------|
| Development of liabilities for investment contracts | in USD millions | 2012 | 2011 |
| | As of January 1 | 50,661 | 50,667 |
| | Premiums | 1,737 | 1,336 |
| | Claims | (1,443) | (1,507) |
| | Fee income and other expenses | (148) | (149) |
| | Interest and bonuses charged/(credited) to policyholders | 2,779 | 90 |
| | Transfers ¹ | (256) | 152 |
| | Increase/(decrease) recorded in other comprehensive income | – | (2) |
| | Foreign currency translation effects | 1,455 | 1,912 |
| | As of March 31 | 54,784 | 52,498 |

¹ The 2012 movement mainly includes USD (259) million transferred to reserves for unit-linked contracts (see note 1). The 2011 movement includes USD 246 million transferred from other liabilities to liabilities for investment contracts and USD 27 million transferred from future life policyholders' benefits to liabilities for investment contracts offset by USD (119) million transferred from liabilities for investment contracts to reserves for unit-linked contracts (see note 1 of the Consolidated financial statements 2011).

Consolidated financial statements *continued*

6. Gross and ceded insurance revenues and expenses

Table 6.1

| Insurance benefits and losses | in USD millions, for the three months ended March 31 | Gross | | Ceded | | Net | |
|---|--|--------------|--------------|--------------|--------------|--------------|--------------|
| | | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Losses and loss adjustment expenses | | 6,267 | 6,414 | (693) | (550) | 5,574 | 5,864 |
| Life insurance death and other benefits | | 2,375 | 2,568 | (123) | (101) | 2,252 | 2,467 |
| Change in future life policyholders' benefits | | 152 | 233 | 21 | (47) | 173 | 187 |
| Total insurance benefits and losses | | 8,794 | 9,216 | (796) | (697) | 7,998 | 8,519 |

Table 6.2

| Policyholder dividends and participation in profits | in USD millions, for the three months ended March 31 | Gross | | Ceded | | Net | |
|---|--|--------------|------------|----------|----------|--------------|------------|
| | | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Change in policyholders' contract deposits and other funds | | 239 | 163 | – | – | 239 | 163 |
| Change in reserves for unit-linked products | | 3,213 | 310 | – | – | 3,213 | 310 |
| Change in liabilities for investment contracts – unit-linked | | 2,481 | 19 | – | – | 2,481 | 19 |
| Change in liabilities for investment contracts – other | | 64 | 49 | – | – | 64 | 49 |
| Change in unit-linked liabilities related to UK capital gains tax | | (169) | (13) | – | – | (169) | (13) |
| Total policyholder dividends and participation in profits | | 5,828 | 529 | – | – | 5,828 | 529 |

7. Deferred policy acquisition costs and deferred origination costs

Table 7.1

| Development of deferred policy acquisition costs | General Insurance | | Global Life | | Other segments ¹ | | Total | |
|--|-------------------|--------------|---------------|---------------|-----------------------------|------------|---------------|---------------|
| | in USD millions | | | | | | | |
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| As of January 1 | 3,500 | 3,426 | 13,011 | 12,686 | 353 | 169 | 16,864 | 16,281 |
| Acquisition costs deferred | 900 | 767 | 476 | 456 | 215 | 161 | 1,590 | 1,384 |
| Amortization | (778) | (644) | (265) | (231) | (226) | (130) | (1,269) | (1,006) |
| Amortization charged/ (credited) to other comprehensive income | – | – | (99) | 77 | – | – | (99) | 77 |
| Acquisitions ² | 58 | – | 481 | – | – | – | 540 | – |
| Foreign currency translation effects | 32 | 67 | 333 | 473 | – | – | 366 | 540 |
| As of March 31 | 3,713 | 3,616 | 13,937 | 13,460 | 342 | 199 | 17,992 | 17,275 |

¹ Net of eliminations from inter-segment transactions.

² The 2012 movement mainly relates to the Santander acquired insurance businesses (see note 2).

Table 7.2

| Development of deferred origination costs | in USD millions | |
|---|-----------------|------------|
| | 2012 | 2011 |
| As of January 1 | 824 | 866 |
| Origination costs deferred | 17 | 37 |
| Amortization | (54) | (34) |
| Foreign currency translation effects | 23 | 32 |
| As of March 31 | 810 | 900 |

As of March 31, 2012 and December 31, 2011, deferred policy acquisition costs related to non-controlling interests were USD 869 million and USD 347 million, respectively.

Consolidated financial statements *continued*

8. Goodwill and other intangible assets

Table 8.1

| Intangible assets – current period | in USD millions | | | | | | |
|---|-----------------|--------------|----------------------------|---------------------------------------|--------------|-------------------------------|---------------|
| | Goodwill | PVFP | Distribution agreements | Attorney- in-fact relationships | Software | Other intangible assets | Total |
| Gross carrying value as of January 1, 2012 | 2,186 | 2,519 | 2,579 | 1,025 | 4,210 | 190 | 12,709 |
| Less: accumulated amortization/impairments | (126) | (1,640) | (430) | – | (2,593) | (86) | (4,876) |
| Net carrying value as of January 1, 2012 | 2,060 | 879 | 2,149 | 1,025 | 1,616 | 104 | 7,834 |
| Additions and transfers | – | 327 | 2,032 | – | 81 | – | 2,439 |
| Divestments and transfers | – | – | – | – | (2) | – | (2) |
| Amortization | – | (43) | (47) | – | (98) | (3) | (192) |
| Amortization charged to other comprehensive income | – | (78) | – | – | – | – | (78) |
| Impairments | – | – | – | – | (5) | – | (5) |
| Foreign currency translation effects | 54 | 32 | 126 | – | 29 | 4 | 246 |
| Net carrying value as of March 31, 2012 | 2,113 | 1,117 | 4,261 | 1,025 | 1,621 | 105 | 10,242 |
| Plus: accumulated amortization/impairments | 136 | 1,798 | 490 | – | 2,708 | 91 | 5,224 |
| Gross carrying value as of March 31, 2012 | 2,249 | 2,915 | 4,751 | 1,025 | 4,330 | 196 | 15,466 |

As of March 31, 2012, the intangible assets related to non-controlling interests were USD 282 million for the present value of future profits (PVFP) of acquired insurance contracts, USD 2,014 million for distribution agreements and USD 6 million for software.

Long term strategic distribution arrangements over a 25 year period with Banco Santander S.A. in Latin America have significantly expanded the Group's presence in this emerging market and have resulted in new distribution agreements totalling USD 2,032 million within both the Global Life and General Insurance operations in Mexico, Brazil, Chile and Argentina. This transaction has also resulted in additions to the PVFP amounting to USD 327 million in Mexico, Brazil and Chile.

Table 8.2

| Intangible assets by segment – current period | in USD millions, as of March 31, 2012 | | | | | | |
|---|---------------------------------------|--------------|----------------------------|---------------------------------------|--------------|-------------------------------|---------------|
| | Goodwill | PVFP | Distribution agreements | Attorney- in-fact relationships | Software | Other intangible assets | Total |
| General Insurance | 869 | – | 893 | – | 552 | 84 | 2,398 |
| Global Life | 425 | 1,117 | 3,368 | – | 377 | 21 | 5,307 |
| Farmers | 819 | – | – | 1,025 | 400 | – | 2,245 |
| Other Operating Businesses | – | – | – | – | 291 | – | 291 |
| Non-Core Businesses | – | – | – | – | 1 | – | 1 |
| Net carrying value as of March 31, 2012 | 2,113 | 1,117 | 4,261 | 1,025 | 1,621 | 105 | 10,242 |

Intangible assets –
prior period

Table 8.3

in USD millions

| | Goodwill | PVFP | Distribution agreements | Attorney-in-fact relationships | Software | Other intangible assets | Total |
|--|--------------|--------------|-------------------------|--------------------------------|--------------|-------------------------|---------------|
| Gross carrying value as of January 1, 2011 | 2,241 | 2,528 | 2,607 | 1,025 | 3,967 | 195 | 12,563 |
| Less: accumulated amortization/impairments | (136) | (1,622) | (326) | – | (2,344) | (76) | (4,505) |
| Net carrying value as of January 1, 2011 | 2,104 | 906 | 2,281 | 1,025 | 1,623 | 119 | 8,059 |
| Additions and transfers | 8 | – | 15 | – | 85 | – | 108 |
| Divestments and transfers | – | – | – | – | (3) | – | (3) |
| Amortization | – | (24) | (31) | – | (98) | (3) | (157) |
| Amortization charged to other comprehensive income | – | 24 | – | – | – | – | 24 |
| Foreign currency translation effects | 52 | 39 | 130 | – | 31 | 5 | 257 |
| Net carrying value as of March 31, 2011 | 2,165 | 945 | 2,395 | 1,025 | 1,638 | 120 | 8,288 |
| Plus: accumulated amortization/impairments | 137 | 1,668 | 377 | – | 2,298 | 83 | 4,562 |
| Gross carrying value as of March 31, 2011 | 2,302 | 2,613 | 2,771 | 1,025 | 3,936 | 203 | 12,850 |

As of March 31, 2011, the intangible assets related to non-controlling interests were USD 150 million for the present value of future profits (PVFP) of acquired insurance contracts, USD 1,106 million for distribution agreements and USD 6 million for software.

Additions to goodwill include USD 2 million related to the acquisition of PT Zurich Topas Life (formerly PT Mayapada Life) and USD 6 million related to earn-out payments to Deutsche Bank Group for the acquisition of Zurich Life and Pensions S.p.A., Italy (formerly DWS Vita S.p.A.).

Additions to distribution agreements relate to a new distribution agreement between the Group's Turkish operations A.Ş. and Fortis bank.

Intangible assets
by segment –
prior period

Table 8.4

in USD millions, as of December 31, 2011

| | Goodwill | PVFP | Distribution agreements | Attorney-in-fact relationships | Software | Other intangible assets | Total |
|---|--------------|------------|-------------------------|--------------------------------|--------------|-------------------------|--------------|
| General Insurance | 827 | – | 527 | – | 548 | 83 | 1,985 |
| Global Life | 413 | 879 | 1,622 | – | 372 | 21 | 3,308 |
| Farmers | 819 | – | – | 1,025 | 409 | – | 2,254 |
| Other Operating Businesses | – | – | – | – | 286 | – | 286 |
| Non-Core Businesses | – | – | – | – | 1 | – | 1 |
| Net carrying value as of December 31, 2011 | 2,060 | 879 | 2,149 | 1,025 | 1,616 | 104 | 7,834 |

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9. Restructuring provisions

| Table 9 | | 2012 | 2011 |
|--------------------------|--|------------|------------|
| Restructuring provisions | in USD millions | | |
| | As of January 1 | 254 | 155 |
| | Provisions made during the period | 4 | – |
| | Increase of provisions set up in prior years | 11 | 4 |
| | Provisions used during the period | (49) | (20) |
| | Provisions reversed during the period | – | (2) |
| | Foreign currency translation effects | 6 | 3 |
| | As of March 31 | 226 | 141 |

Restructuring provisions amounting to USD 4 million have been set up in the three months ended March 31, 2012 for the restructuring of the Group's Spanish corporate life business.

10. Income taxes

| Table 10.1 | | 2012 | 2011 |
|---|--|------------|------------|
| Income tax expense – current/deferred split | in USD millions, for the three months ended March 31 | | |
| | Current | 358 | 255 |
| | Deferred | 165 | (79) |
| | Total income tax expense | 522 | 177 |

| Table 10.2 | | 2012 | 2011 |
|---|--|------------|------------|
| Income tax expense – policyholder/shareholder attribution | in USD millions, for the three months ended March 31 | | |
| | Total income tax expense/(benefit) attributable to policyholders | 176 | (24) |
| | Total income tax expense attributable to shareholders | 346 | 200 |
| | Total income tax expense | 522 | 177 |

The Group is required to record taxes on policyholder earnings for life insurance policyholders in certain jurisdictions. Accordingly, the income tax expense or benefit attributable to these life insurance policyholder earnings is included in income tax expense. In certain jurisdictions an accrual for future policy fees that will cover the tax charge is included in insurance benefits and losses.

| Table 10.3 | | Rate | 2012 | Rate | 2011 |
|--|---|--------------|------------|--------------|------------|
| Expected and actual income tax expense | in USD millions, for the three months ended March 31 | | | | |
| | Net income before income taxes | | 1,688 | | 824 |
| | Less: income tax (expense)/benefit attributable to policyholders | | (176) | | 24 |
| | Net income before income taxes attributable to shareholders | | 1,512 | | 848 |
| | Expected income tax expense attributable to shareholders computed at the Swiss statutory tax rate | 22.0% | 333 | 22.0% | 187 |
| | Increase/(reduction) in taxes resulting from: | | | | |
| | <i>Tax rate differential in foreign jurisdictions</i> | | 14 | | (4) |
| | <i>Tax exempt and lower taxed income</i> | | (16) | | (2) |
| | <i>Non-deductible expenses</i> | | 13 | | 29 |
| | <i>Tax losses previously unrecognized or no longer recognized</i> | | (2) | | 8 |
| | <i>Prior year adjustments and other</i> | | 5 | | (17) |
| | Actual income tax expense attributable to shareholders | 22.9% | 346 | 23.6% | 200 |
| | Plus: income tax expense/(benefit) attributable to policyholders | | 176 | | (24) |
| | Actual income tax expense | 30.9% | 522 | 21.4% | 177 |

The table above sets out the factors that cause the actual income tax expense to differ from the expected expense computed by applying the Swiss Statutory tax rate of 22.0 percent, which is the rate applicable in the jurisdiction where the ultimate parent company is resident.

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11. Senior and subordinated debt

Table 11.1

| in USD millions, as of | | 03/31/12 | 12/31/11 | |
|------------------------------|---|---|---------------|---------------|
| Senior and subordinated debt | Senior debt | | | |
| | Zurich Finance (USA), Inc. | 4.50% EUR 1 billion notes, due September 2014 ^{2, 6, 7} | 1,349 | 1,312 |
| | | 4.875% EUR 800 million notes, due April 2012 ^{1, 6} | 1,067 | 1,037 |
| | | 6.50% EUR 600 million notes, due October 2015 ^{3, 6} | 798 | 776 |
| | | Euro Commercial Paper Notes | 399 | 400 |
| | Zurich Finance (Luxembourg) S.A. | 3.25% USD 750 million notes, due September 2013 ^{5, 6, 7} | 761 | 764 |
| | Zurich Insurance Company Ltd | 3.75% CHF 500 million notes, due September 2013 ⁶ | 552 | 531 |
| | | 2.25% CHF 500 million notes, due July 2017 ⁶ | 550 | 529 |
| | | 2.875% CHF 250 million notes, due July 2021 ⁶ | 273 | 262 |
| | | 2.375% CHF 525 million notes, due November 2018 ⁶ | 575 | 553 |
| | Zurich Santander Insurance America S.L. | 7.5% EUR 182 million loan, due December 2035 | 243 | 236 |
| | Other | Various debt instruments payable in more than 1 year | 141 | 141 |
| | | Senior debt | 6,707 | 6,541 |
| | | Subordinated debt | | |
| | Zurich Insurance Company Ltd | 12.0% EUR 143 million perpetual capital notes ⁶ | 190 | 184 |
| | | 7.5% EUR 425 million notes, due July 2039 ⁶ | 562 | 547 |
| | | 4.25% CHF 700 million perpetual notes ⁶ | 765 | 735 |
| | | 4.625% CHF 500 million perpetual notes ⁶ | 545 | 525 |
| | | 8.25% USD 500 million perpetual capital notes ⁶ | 494 | – |
| | Zurich Finance (UK) plc | 6.625% GBP 450 million perpetual notes ^{4, 6} | 710 | 690 |
| | Zurich Finance (USA), Inc. | 5.75% EUR 500 million notes, due October 2023 ^{1, 6} | 659 | 641 |
| | | 4.5% EUR 500 million notes, due June 2025 ^{5, 6, 7} | 709 | 688 |
| | ZFS Finance (USA) Trust II | Series II 6.45% USD 700 million Trust Preferred Securities (ECAPS), due December 2065 | 675 | 674 |
| | ZFS Finance (USA) Trust IV | Series IV 5.875% USD 500 million Trust Preferred Securities, due May 2062 | 251 | 250 |
| | ZFS Finance (USA) Trust V | Series V 6.5% USD 1 billion Trust Preferred Securities, due May 2067 | 497 | 497 |
| | Other | Various debt instruments payable in more than 1 year | 44 | 44 |
| | | Subordinated debt | 6,101 | 5,476 |
| | | Total senior and subordinated debt | 12,807 | 12,017 |

¹ The bond is economically hedged, but hedge accounting treatment has not been applied.

² The bond is part of a qualifying cash flow hedge (80 percent of the total) and fair value hedge (20 percent of the total).

³ The bond is part of a qualifying cash flow hedge (100 percent).

⁴ The holders of these notes benefit from the Replacement Capital Covenant which states that if Series IV and V Fixed/Floating Trust Preferred Securities, issued by ZFS Finance (USA) Trusts IV and V, are called before 2042 and 2047 respectively, the Group will issue a replacement debt instrument with terms and provisions that are as or more equity-like than the replaced notes.

⁵ These bonds are part of qualifying fair value hedges (100 percent).

⁶ Issued under the Group's Euro Medium Term Note Programme (EMTN Programme).

⁷ The Group applied the cash flow hedge methodology to hedge the foreign currency exposure and deferred the attributable basis spreads in shareholders' equity, whereas the fair value hedge methodology was used to hedge the interest rate exposure with changes in the fair value being recorded through the income statement.

None of the debt instruments listed above were in default as of March 31, 2012 or December 31, 2011.

Senior and subordinated debt

To facilitate the issuance of debt, the Group has in place a Euro Medium Term Note Programme (EMTN Programme) allowing for the issuance of senior and subordinated notes up to a maximum of USD 18 billion. All issuances under this programme are either issued or guaranteed by Zurich Insurance Company Ltd. The Group has also issued debt instruments outside this programme when deemed appropriate.

i) Senior debt

Senior debt increased to USD 6,707 million as of March 31, 2012, from USD 6,541 million as of December 31, 2011. This was primarily due to the translation effects of the U.S. dollar against the currencies in which the notes were issued.

ii) Subordinated debt

Subordinated debt securities are obligations of the Group which, in case of liquidation of the Group, rank junior to all present and future senior indebtedness and certain other obligations of the Group.

Subordinated debt increased to USD 6,101 million as of March 31, 2012, from USD 5,476 million as of December 31, 2011, mainly as a result of a new 8.25% USD 500 million capital note issued in January 2012 under the EMTN Programme and used for general corporate purposes and to finance acquisition transactions. This movement also includes the translation effects of the U.S. dollar against the currencies in which the notes were issued.

Consolidated financial statements *continued*

Table 11.2

| Description and features of significant subordinated debt | Table 11.2 | | |
|---|---|--|--|
| | Coupon conditions | Call/ redemption date | Redemption conditions |
| Description | | | |
| 12.00% EUR 143 million, perpetual capital notes | 12.00% payable annually up to July 15, 2014 and then reset quarterly to 3-month EURIBOR plus 10.33%. | Quarterly on or after July 15, 2014 | Redeemable in whole at par plus any accrued interest. |
| 7.5% EUR 425 million notes, due July 2039 | 7.5% payable annually up to July 24, 2019 and then reset quarterly to 3-month EURIBOR plus 5.85%. | Quarterly on or after July 24, 2019 | Redeemable in whole or in part at par plus any accrued interest. |
| 4.25% CHF 700 million, perpetual notes | 4.25% payable annually up to May 26, 2016 and then reset quarterly to 3-month CHF-Libor plus 3.046%. | Quarterly on or after May 26, 2016 | Redeemable in whole or in part at par plus any accrued interest. |
| 4.625% CHF 500 million, perpetual notes | 4.625% payable annually up to May 16, 2018 and then reset to the prevailing 7 year CHF mid swap rate plus 2.691%. | Annually on or after May 16, 2018 | Redeemable in whole or in part at par plus any accrued interest. |
| 8.25% USD 500 million, perpetual capital notes | 8.25% per annum payable quarterly until January 18, 2018. Resets to the 6-Year mid swap rate plus 6.84% until January 18, 2024. Resets thereafter every 6 years to the 6-Year mid swap rate plus 7.84%. | Quarterly on or after January 18, 2018 | Redeemable in whole or in part at par plus any accrued interest. |
| 6.625% GBP 450 million, perpetual notes | 6.625% payable annually up to October 2, 2022 and then reset every 5 years to the reset rate of interest plus 2.85%. ¹ | Every five years on or after October 2, 2022 | Redeemable in whole every five years at par plus any accrued interest. |
| 5.75% EUR 500 million notes, due October 2023 | 5.75% payable annually up to October 2, 2013 and then reset quarterly to 3-month EURIBOR plus 2.67%. | Quarterly on or after October 2, 2013 | Redeemable in whole at par plus any accrued interest. |
| 4.5% EUR 500 million notes, due June 2025 | 4.5% payable annually up to June 15, 2015 and then reset quarterly to 3-month EURIBOR plus 2.20%. | Quarterly on or after June 15, 2015 | Redeemable in whole at par plus any accrued interest. |
| Series II 6.45% USD 700 million Fixed/Adjustable Trust Preferred Securities (ECAPS), due December 2065 | 6.45% payable semi-annually until June 15, 2016 and then reset quarterly to the adjustable rate plus 2.00%. ² | Quarterly on or after June 15, 2016 | Redeemable in whole or in part at par plus any accrued interest. |
| Series IV 5.875% USD 500 million Fixed/Floating Trust Preferred Securities, due May 2062 | 5.875% payable semi-annually until May 9, 2012 and then reset quarterly to 3-month LIBOR plus 1.815%. | Quarterly on or after May 9, 2012 | Redeemable in whole or in part at par plus any accrued interest. |
| Series V 6.5% USD 1 billion Fixed/Floating Trust Preferred Securities, due May 2067 | 6.5% payable semi-annually until May 9, 2017 and then reset quarterly to 3-month LIBOR plus 2.285%. | Quarterly on or after May 9, 2017 | Redeemable in whole or in part at par plus any accrued interest. |

¹ Reset rate of interest is equal to the gross redemption yield on the benchmark five-year Gilt as determined by the Calculation Bank.

² Adjustable rate is equal to the greatest of (i) the 3-month LIBOR Rate; (ii) the 10-year Treasury CMT (Constant Maturity Treasury) Rate; and (iii) the 30-year Treasury CMT Rate, subject to a maximum under (ii) and (iii) of 13% for Series II.

Maturity schedule of outstanding debt

| | 03/31/12 | | 12/31/11 | |
|---------------|----------------|------------------------|----------------|------------------------|
| | Carrying value | Undiscounted cash flow | Carrying value | Undiscounted cash flow |
| < 1 year | 1,466 | 2,121 | 1,437 | 2,032 |
| 1 to 2 years | 1,313 | 1,893 | 1,305 | 1,823 |
| 2 to 3 years | 1,484 | 2,002 | 1,324 | 1,811 |
| 3 to 4 years | 798 | 1,267 | 917 | 1,319 |
| 4 to 5 years | – | 436 | – | 376 |
| 5 to 10 years | 1,419 | 3,182 | 1,345 | 2,838 |
| > 10 years | 6,328 | 8,846 | 5,689 | 7,625 |
| Total | 12,807 | 19,745 | 12,017 | 17,825 |

Debt maturities reflect original contractual dates without taking early redemption options into account. For call/redemption dates, see table 11.2. The total notional amount of debt due in each period is not materially different from the total carrying amount disclosed in table 11.3. Undiscounted cash flows include interest and principal cash flows on debt outstanding as of March 31, 2012 and December 31, 2011, respectively. All debt is assumed to mature within 20 years of the balance sheet date at the latest without refinancing. Floating interest rates are assumed to remain constant as of March 31, 2012 and December 31, 2011, respectively. The aggregated cash flows are translated into U.S. dollars at end-of-period rates.

Interest expense on debt

| | 2012 | 2011 |
|-------------------|------------|------------|
| Senior debt | 63 | 61 |
| Subordinated debt | 87 | 74 |
| Total | 150 | 136 |

Interest expense on debt

As of March 31, 2012, interest expense on debt increased to USD 150 million from USD 136 million as of March 31, 2011. The higher interest expense was mainly due to the issuance of new subordinated notes in March 2011 and January 2012 and a long term senior loan in November 2011. By contrast, the increase in interest expense on senior debt was partially offset by the positive impact of refinancing the 3.875% CHF 1 billion note in July 2011 and the 3.5% CHF 300 million note in November 2011 at lower rates.

Credit facilities

On October 31, 2011 the Group refinanced its revolving credit facility of USD 3 billion, which would have expired in September 2012, by a new syndicated revolving credit facility of EUR 2.5 billion maturing in 2018 at the latest. Zurich Insurance Company Ltd and Farmers Group, Inc. are guarantors of the facility and can draw up to EUR 2.3 billion and EUR 200 million, respectively. No borrowings were outstanding under this facility as of March 31, 2012 or December 31, 2011, respectively.

In addition, the Group has access to four other revolving credit facilities totaling USD 441 million expiring in 2014. No borrowings were outstanding under these four facilities as of March 31, 2012 or December 31, 2011, respectively.

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12. Earnings per share

| Table 12 | | | | |
|---|---|-----------------------------------|-----------------|------------------------------|
| Earnings per share for the three months ended March 31 | | | | |
| | Net income attributable to common shareholders (in USD millions) ¹ | Weighted average number of shares | Per share (USD) | Per share (CHF) ² |
| 2012 | | | | |
| Basic earnings per share | 1,143 | 146,047,855 | 7.82 | 7.21 |
| Effect of potentially dilutive shares related to share-based compensation plans | | 1,064,005 | (0.06) | (0.05) |
| Diluted earnings per share | 1,143 | 147,111,860 | 7.77 | 7.16 |
| 2011 | | | | |
| Basic earnings per share | 637 | 145,261,492 | 4.39 | 4.13 |
| Effect of potentially dilutive shares related to share-based compensation plans | | 1,125,127 | (0.03) | (0.03) |
| Diluted earnings per share | 637 | 146,386,619 | 4.35 | 4.09 |

¹ Excludes the net income attributable to preferred shareholders of USD 3 million for the three months ended March 31, 2011.

² The translation from USD to CHF is shown for information purposes only and has been calculated at the Group's average exchange rates for the three months ended March 31, 2012 and 2011, respectively.

13. Legal proceedings and regulatory investigations

The Group and its subsidiaries are continuously involved in legal proceedings, claims and regulatory investigations arising, for the most part, in the ordinary course of their business operations. The Group's business is subject to extensive supervision, and companies in the Group are in regular contact with various regulatory authorities. In addition, certain companies within the Group are engaged in the following legal proceedings and regulatory investigations.

An action entitled Fuller-Austin Asbestos Settlement Trust, et al. v. Zurich American Insurance Company (ZAIC), et al., was filed in May 2004 in the Superior Court for San Francisco County, California. Three other similar actions were filed in 2004 and 2005 and have been coordinated with the Fuller-Austin action (collectively, the Fuller-Austin Case). In addition to ZAIC and four of its insurance company subsidiaries, Zurich Insurance Company Ltd and Orange Stone Reinsurance Dublin (Orange Stone) are named as defendants. The plaintiffs, who are historical policyholders of the Home Insurance Company (Home), plead claims for fraudulent transfer, alter ego liability and unfair business practices relating to the recapitalization of Home, which occurred in 1995 following regulatory review and approval. The plaintiffs allege that pursuant to the recapitalization and subsequent transactions, various Zurich entities took assets of Home without giving adequate consideration in return, and contend that this forced Home into liquidation. The plaintiffs further allege that the defendants should be held responsible for Home's alleged obligations under their Home policies. The trial judge designated the plaintiffs' claims for constructive fraudulent transfer for adjudication before all other claims; he subsequently ordered an initial bench trial on certain threshold elements of those fraudulent transfer claims and on certain of defendants' affirmative defenses. The trial commenced on November 1, 2010, and trial testimony has concluded. Closing arguments were heard on February 22 and 23, 2012. A decision is pending.

A similar action entitled API, Inc. Asbestos Settlement Trust (API), et al. v. ZAIC, et al., was filed in March 2009 in the District Court for the Second Judicial District, County of Ramsey, Minnesota (API Case). ZAIC and two of its insurance company subsidiaries were named as defendants. The defendants removed the case to the U.S. District Court for the District of Minnesota, where it is now pending. The plaintiffs subsequently amended their complaint to add ZIC, Orange Stone and two additional ZAIC subsidiaries as defendants. As in the Fuller-Austin Case, the plaintiffs allege that API is an insured under policies issued by Home, primarily in the 1970s. The complaint seeks to hold the defendants liable for Home's policy obligations under various theories of vicarious liability tied to the recapitalization of Home, and it also alleges that the defendants are liable for damages under theories of fraudulent transfer and tortious interference with contract. In 2010, the court dismissed the plaintiffs' fraudulent transfer, tortious interference with contract and consumer fraud claims. Following the conclusion of pre-trial discovery, the defendants filed a motion for summary judgment seeking dismissal of all remaining claims against them; plaintiffs also filed a motion for partial summary judgment on their claim of respondeat superior. On March 30, 2012, the court issued a decision granting the defendants' motion for summary judgment as to all remaining claims, and denying plaintiffs' motion. On April 27, 2012, plaintiffs filed a notice of appeal of certain of the court's summary judgment rulings to the U.S. Court of Appeals for the Eighth Circuit. The Group maintains that the Fuller-Austin and API Cases are without merit and intends to continue to defend itself vigorously.

Zurich Insurance Group Ltd (formerly Zurich Financial Services Ltd) is a defendant in putative class-action securities lawsuits relating to its divestiture of its interest in Converium (now Scor Holding (Switzerland) AG). On July 25, 2008, Zurich Financial Services Ltd and the class-action plaintiffs entered into an amended stipulation of settlement that called for a payment of USD 28 million to settle the case in two parts on behalf of all persons and entities who had purchased Converium securities between January 7, 2002 and September 2, 2004: one settlement in the U.S. court, covering all U.S. persons and entities, and all other persons who had purchased Converium securities on U.S. markets, and another settlement in the Amsterdam Court of Appeal, in the Netherlands, covering all non-U.S. persons and entities who had purchased Converium securities on non-U.S. markets. The U.S. and Dutch settlements are both subject to court approval and are independent of each other. The U.S. court approved the U.S. settlement on December 12, 2008, and the ruling became final in June 2009. On January 17, 2012, the Amsterdam Court of Appeal approved the non-U.S. settlement and the time to appeal has now expired.

Zurich Insurance Group Ltd (formerly Zurich Financial Services Ltd) is a defendant in a putative class action pending in California state court captioned Benjamin Fogel v. Farmers Group, Inc (Fogel Case). The case, originally filed in August 2003, is brought on behalf of a putative class of all policyholders of the Farmers Exchanges from 1999 to the present. The plaintiff alleges that Farmers Group, Inc. and certain of its affiliates (Farmers), which acted as the attorneys-in-fact for policyholders of the Farmers Exchanges, collected excessive and unreasonable management fees. The complaint seeks, amongst other things, disgorgement, as well as damages and injunctive relief. In February 2005, the trial court granted Farmers' motion for summary judgment, and the plaintiff appealed. In 2008, a California appellate court reversed the trial court's ruling and reinstated the litigation. On September 9, 2009, the plaintiff filed a motion seeking to

Consolidated financial statements *continued*

certify a nationwide class of all policyholders of the Farmers Exchanges since August 1, 1999. On October 7, 2010, the Group announced that it had agreed in principle to a proposed nationwide settlement of the Fogel Case. Under the terms of the proposed settlement, a sum of USD 455 million was made available to approximately 12.5 million policyholders who may qualify for a distribution under the settlement, with any residual amount going to the Farmers Exchanges. The Group will also pay attorneys' fees to class action counsel of up to USD 90 million, as well as the costs of administering the settlement. On December 12, 2010, the parties executed the settlement agreement, all terms of which are subject to the court's final approval. On January 12, 2011, the parties filed a motion seeking preliminary approval of the proposed settlement. On February 3, 2011, the court granted a motion to intervene by a class member who objects to certain aspects of the proposed settlement. The hearing on the motion for preliminary approval was held on March 2, 2011, and the court granted the motion. Notices were mailed and published to class members, and a number of objections and opt-out requests were submitted. On October 31, 2011, the court granted a motion by the State of Montana to intervene so it could object to certain aspects of the proposed settlement. On December 21, 2011, the court granted final approval of the settlement, and it reduced the total award of attorneys' fees, expenses, and incentive awards to approximately USD 74 million (instead of USD 90 million). A 60-day appeal period commenced following entry of the court's judgment on December 21, 2011. Five notices of appeal have been filed, including one by intervenor State of Montana. A briefing schedule has not yet been set.

While the Group believes that it is not a party to, nor are any of its subsidiaries the subject of, any unresolved current legal proceedings, claims, litigation and investigations that will have a material adverse effect on the Group's consolidated financial condition, proceedings are inherently unpredictable, and it is possible that the outcome of any proceeding could have a material impact on results of operations in the particular reporting period in which it is resolved.

14. Related party transactions

In the normal course of business, the Group enters into various transactions with related companies, including various reinsurance and cost-sharing arrangements. These transactions are not considered material to the Group, either individually or in aggregate. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

The table below sets out related party transactions with equity method accounted investments, reflected in the consolidated income statements and consolidated balance sheets.

| Table 14 | | | |
|--|---|-----------------|----------|
| in USD millions | | | |
| Related party transactions included in the Consolidated financial statements | for the three months ended | | |
| | | 03/31/12 | 03/31/11 |
| | Net earned premiums and policy fees | 3 | 3 |
| | Net investment result on Group investments | 2 | 2 |
| | Insurance benefits and losses, net of reinsurance | (4) | (1) |
| | Administrative and other operating expenses | (1) | (1) |
| | | | |
| | as of | 03/31/12 | 12/31/11 |
| | Other loans | 20 | 21 |
| | Receivables and other assets | 7 | 7 |
| | Deposits made under assumed reinsurance contracts | 7 | 5 |
| | Reserves for insurance contracts | (11) | (11) |
| | Deposits received under ceded reinsurance contracts | (2) | – |
| | Other liabilities | (3) | (3) |

Consolidated financial statements *continued*

15. Segment information

The Group pursues a customer-centric strategy and is managed on a matrix basis, reflecting both businesses and geography. The Group's operating segments have been identified on the basis of the businesses operated by the Group and how these are strategically managed to offer different products and services to specific customer groups. Segment information is presented accordingly. The Group's reportable segments are as follows:

General Insurance is the segment through which the Group provides a variety of motor, home and commercial products and services for individuals, as well as small and large businesses.

Global Life pursues a strategy of providing market-leading unit-linked, protection and corporate propositions through global distribution and proposition pillars to develop leadership positions in its chosen segments.

Farmers provides through Farmers Group, Inc. and its subsidiaries (FGI) non-claims related management services to the Farmers Exchanges. FGI receives fee income for the provision of services to the Farmers Exchanges, which are managed but not owned by Farmers Group, Inc. a wholly owned subsidiary of the Group. This segment also includes the Farmers Re business, which includes all reinsurance assumed from the Farmers Exchanges by the Group. Farmers Exchanges are prominent writers of personal and small commercial lines of business in the U.S.

For the purpose of discussing financial performance, the Group considers General Insurance, Global Life and Farmers to be its core business segments.

Other Operating Businesses predominantly consist of the Group's Headquarter and Holding and Financing activities. In addition, certain alternative investment positions not allocated to business operating segments are carried in this segment.

Non-Core Businesses include insurance businesses that the Group does not consider core to its operations and that are therefore mostly managed to achieve a beneficial run-off. In addition, Non-Core Businesses include the Group's banking activities.

The segment information includes the Group's internal performance measure, business operating profit (BOP). This measure is the basis on which business units are managed. It indicates the underlying performance of the business units by eliminating the impact of financial market volatility and other non-operational variables. BOP reflects adjustments for shareholders' taxes, net capital gains on investments and impairments (except for the capital markets and banking operations included in Non-Core Businesses and investments in hedge funds and certain securities held for specific economic hedging purposes), policyholders' share of investment results for the life businesses, non-operational foreign exchange movements, and significant items arising from special circumstances, including restructuring charges, charges for litigation outside the ordinary course of business and gains and losses on divestments of businesses.

Consolidated financial statements *continued*

Table 15.1

Business operating profit by business segment

in USD millions, for the three months ended March 31

| | General Insurance | | Global Life | |
|---|-------------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| Revenues | | | | |
| Direct written premiums ¹ | 9,914 | 9,594 | 2,865 | 2,629 |
| Assumed written premiums | 557 | 506 | 16 | 21 |
| Gross Written Premiums | 10,470 | 10,101 | 2,881 | 2,650 |
| Policy fees | – | – | 568 | 522 |
| Gross written premiums and policy fees | 10,470 | 10,101 | 3,448 | 3,172 |
| Less premiums ceded to reinsurers | (1,559) | (1,439) | (184) | (173) |
| Net written premiums and policy fees | 8,911 | 8,662 | 3,265 | 2,999 |
| Net change in reserves for unearned premiums | (1,807) | (1,678) | (22) | (28) |
| Net earned premiums and policy fees | 7,104 | 6,984 | 3,243 | 2,971 |
| Farmers management fees and other related revenues | – | – | – | – |
| Net investment result on Group investments | 691 | 722 | 1,045 | 974 |
| Net investment income on Group investments | 658 | 705 | 1,002 | 997 |
| Net capital gains/(losses) and impairments on Group investments | 33 | 17 | 43 | (23) |
| Net investment result on unit-linked investments | – | – | 5,343 | 202 |
| Other income | 204 | 166 | 263 | 232 |
| Total BOP revenues | 8,000 | 7,872 | 9,893 | 4,379 |
| <i>of which: inter-segment revenues</i> | <i>(126)</i> | <i>(83)</i> | <i>(90)</i> | <i>(93)</i> |
| Benefits, losses and expenses | | | | |
| Insurance benefits and losses, net ¹ | 4,793 | 5,374 | 2,535 | 2,576 |
| Losses and loss adjustment expenses, net | 4,789 | 5,345 | 14 | 10 |
| Life insurance death and other benefits, net | 4 | 29 | 2,121 | 2,301 |
| (Decrease)/increase in future life policyholders' benefits, net ¹ | – | – | 400 | 265 |
| Policyholder dividends and participation in profits, net | (1) | 2 | 5,436 | 398 |
| Income tax expense/(benefit) attributable to policyholders | – | – | 176 | (24) |
| Underwriting and policy acquisition costs, net | 1,385 | 1,318 | 661 | 390 |
| Administrative and other operating expense (excl. depreciation/amortization) | 857 | 806 | 569 | 486 |
| Interest credited to policyholders and other interest | 5 | 7 | 93 | 99 |
| Restructuring provisions and other items not included in BOP | (26) | (31) | (5) | (9) |
| Total BOP benefits, losses and expenses (before interest, depreciation and amortization) | 7,013 | 7,476 | 9,465 | 3,916 |
| Business operating profit (before interest, depreciation and amortization) | 987 | 396 | 428 | 463 |
| Depreciation and impairments of property and equipment | 27 | 22 | 8 | 8 |
| Amortization and impairments of intangible assets | 50 | 42 | 105 | 72 |
| Interest expense on debt | 43 | 50 | 2 | 16 |
| Business operating profit before non-controlling interests | 866 | 282 | 314 | 367 |
| Non-controlling interests | 10 | 2 | 21 | 6 |
| Business operating profit | 856 | 280 | 293 | 362 |
| Supplementary information | | | | |
| Additions and capital improvements to property, equipment and intangible assets ² | 396 | 402 | 2,038 | 296 |

¹ The Global Life segment includes approximately USD 170 million and USD 287 million of gross written premiums and future life policyholders' benefits for certain universal life-type contracts in the Group's Spanish operations for the three months ended March 31, 2012 and 2011, respectively (see note 3 of the Group's Annual Report 2011).

² As of March 31, 2012 and December 31, 2011, respectively.

| | Farmers | | Other Operating Businesses | | Non-Core Businesses | | Eliminations | | Total | |
|--|------------|------------|----------------------------|--------------|---------------------|-----------|--------------|--------------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| | - | - | - | - | 28 | 30 | - | - | 12,806 | 12,253 |
| | 1,053 | 707 | 35 | 35 | 30 | 37 | (52) | (49) | 1,639 | 1,258 |
| | 1,053 | 707 | 35 | 35 | 58 | 67 | (52) | (49) | 14,445 | 13,510 |
| | - | - | - | - | 65 | 59 | - | - | 632 | 581 |
| | 1,053 | 707 | 35 | 35 | 123 | 126 | (52) | (49) | 15,077 | 14,091 |
| | - | - | (14) | (13) | (6) | (8) | 52 | 49 | (1,711) | (1,584) |
| | 1,053 | 707 | 21 | 22 | 117 | 118 | - | - | 13,367 | 12,507 |
| | 40 | 31 | (2) | (1) | 1 | 3 | - | - | (1,788) | (1,674) |
| | 1,094 | 738 | 20 | 21 | 118 | 120 | - | - | 11,578 | 10,834 |
| | 710 | 682 | - | - | - | - | - | - | 710 | 682 |
| | 33 | 36 | 112 | 140 | (77) | 32 | (187) | (208) | 1,617 | 1,695 |
| | 33 | 36 | 112 | 140 | 92 | 112 | (187) | (208) | 1,710 | 1,780 |
| | - | - | - | - | (169) | (79) | - | - | (93) | (85) |
| | - | - | - | - | 353 | 101 | - | - | 5,695 | 303 |
| | 21 | 17 | 228 | 213 | 21 | 25 | (376) | (309) | 361 | 345 |
| | 1,857 | 1,473 | 360 | 373 | 414 | 279 | (563) | (517) | 19,961 | 13,859 |
| | (18) | (18) | (314) | (307) | (15) | (16) | 563 | 517 | - | - |
| | 769 | 493 | 18 | 18 | (117) | 57 | - | - | 7,998 | 8,519 |
| | 769 | 493 | - | 1 | 6 | 7 | (4) | 9 | 5,574 | 5,864 |
| | - | - | 14 | 13 | 112 | 126 | - | (1) | 2,252 | 2,467 |
| | - | - | 3 | 5 | (234) | (76) | 4 | (7) | 173 | 187 |
| | - | - | - | - | 392 | 129 | - | - | 5,828 | 529 |
| | - | - | - | - | - | - | - | - | 176 | (24) |
| | 341 | 231 | - | - | 2 | 2 | (1) | (1) | 2,389 | 1,939 |
| | 336 | 332 | 281 | 227 | 24 | 42 | (375) | (301) | 1,692 | 1,592 |
| | - | - | 2 | 1 | 12 | 16 | (1) | (1) | 111 | 122 |
| | - | (2) | 1 | 25 | - | - | - | - | (30) | (17) |
| | 1,446 | 1,054 | 302 | 272 | 314 | 247 | (377) | (304) | 18,163 | 12,660 |
| | 411 | 420 | 57 | 102 | 101 | 32 | (186) | (214) | 1,797 | 1,199 |
| | 14 | 13 | 3 | 2 | - | 1 | - | - | 52 | 46 |
| | 24 | 27 | 18 | 16 | - | - | - | - | 197 | 157 |
| | 1 | - | 273 | 258 | 19 | 25 | (186) | (214) | 150 | 136 |
| | 372 | 380 | (235) | (174) | 82 | 6 | - | - | 1,399 | 861 |
| | - | - | (8) | - | - | - | - | - | 23 | 8 |
| | 372 | 380 | (227) | (174) | 81 | 6 | - | - | 1,375 | 854 |
| | 45 | 171 | 12 | 124 | - | - | - | - | 2,491 | 994 |

Consolidated financial statements *continued*

Table 15.2

Reconciliation of
BOP to net income
after income taxes

in USD millions, for the three months ended March 31

| | General Insurance | | Global Life | |
|--|-------------------|------------|-------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| Business operating profit | 856 | 280 | 293 | 362 |
| Revenues/(expenses) not included in BOP: | | | | |
| Net capital gains/(losses) on investments and impairments, net of policyholder allocation | 134 | 4 | (17) | 53 |
| Restructuring provisions | (10) | – | (4) | (4) |
| Net income/(expense) on intercompany loans ¹ | (11) | (12) | (1) | (10) |
| Other adjustments | (4) | (19) | – | 5 |
| Add back: | | | | |
| Business operating profit attributable to non-controlling interests | 10 | 2 | 21 | 6 |
| Net income before shareholders' taxes | 975 | 255 | 292 | 412 |
| Income tax expense/(benefit) attributable to policyholders | – | – | 176 | (24) |
| Net income before income taxes | 975 | 255 | 468 | 388 |
| Income tax expense (attributable to policyholders and shareholders) | | | | |
| Net income after taxes | | | | |

¹ The impact on Group level relates to foreign currency translation differences.

| | Farmers | | Other Operating Businesses | | Non-Core Businesses | | Total | |
|--|------------|------------|----------------------------|--------------|---------------------|-----------|--------------|------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| | 372 | 380 | (227) | (174) | 81 | 6 | 1,375 | 854 |
| | 12 | (1) | 8 | (59) | 6 | 6 | 143 | 4 |
| | - | 2 | - | - | - | - | (15) | (2) |
| | - | - | 13 | 21 | - | - | 1 | - |
| | - | (4) | (12) | 3 | - | - | (16) | (15) |
| | - | - | (8) | - | - | - | 23 | 8 |
| | 384 | 377 | (226) | (208) | 87 | 12 | 1,512 | 848 |
| | - | - | - | - | - | - | 176 | (24) |
| | 384 | 377 | (226) | (208) | 87 | 12 | 1,688 | 824 |
| | | | | | | | (522) | (177) |
| | | | | | | | 1,166 | 648 |

Consolidated financial statements *continued*

Table 15.3

Assets and liabilities by business segment

in USD millions, as of

| | General Insurance | | Global Life | |
|--|-------------------|----------------|----------------|----------------|
| | 03/31/12 | 12/31/11 | 03/31/12 | 12/31/11 |
| Assets | | | | |
| Total Group Investments | 87,704 | 84,142 | 109,581 | 101,735 |
| Cash and cash equivalents | 9,027 | 8,261 | 3,462 | 3,247 |
| Equity securities | 5,727 | 5,275 | 5,618 | 4,107 |
| Debt securities | 64,782 | 62,894 | 73,085 | 68,055 |
| Real estate held for investment | 3,003 | 2,911 | 5,269 | 5,126 |
| Mortgage loans | 1,538 | 1,472 | 8,343 | 8,177 |
| Other loans | 3,621 | 3,325 | 13,738 | 12,959 |
| Investments in associates and joint ventures | 6 | 6 | 66 | 65 |
| Investments for unit-linked contracts | – | – | 111,586 | 93,096 |
| Total investments | 87,704 | 84,142 | 221,167 | 194,831 |
| Reinsurers' share of reserves for insurance contracts | 14,151 | 13,440 | 2,131 | 2,068 |
| Deposits made under assumed reinsurance contracts | 119 | 71 | 1 | 19 |
| Deferred policy acquisition costs | 3,713 | 3,500 | 13,937 | 13,011 |
| Deferred origination costs | – | – | 810 | 824 |
| Goodwill | 869 | 827 | 425 | 413 |
| Other intangible assets | 1,529 | 1,158 | 4,882 | 2,895 |
| Other assets ¹ | 16,138 | 14,632 | 7,368 | 22,311 |
| Total assets (after cons. of investments in subsidiaries) | 124,222 | 117,770 | 250,720 | 236,372 |
| Liabilities | | | | |
| Liabilities for investment contracts | – | – | 54,784 | 50,661 |
| Reserves for insurance contracts, gross | 84,200 | 80,462 | 156,558 | 136,248 |
| Reserves for losses and loss adjustment expenses, gross | 65,102 | 64,074 | 39 | 39 |
| Reserves for unearned premiums, gross | 17,660 | 15,026 | 1,061 | 205 |
| Future life policyholders' benefits, gross | 120 | 92 | 77,907 | 74,162 |
| Policyholders' contract deposits and other funds, gross | 1,317 | 1,269 | 15,348 | 14,195 |
| Reserves for unit-linked contracts, gross | – | – | 62,203 | 47,647 |
| Senior debt | 5,529 | 5,354 | 531 | 948 |
| Subordinated debt | 1,043 | 1,038 | 334 | 333 |
| Other liabilities ² | 13,497 | 12,913 | 19,206 | 30,368 |
| Total liabilities | 104,268 | 99,767 | 231,413 | 218,558 |
| Equity | | | | |
| Common shareholders' equity | | | | |
| Preferred securities | | | | |
| Shareholders' equity | | | | |
| Non-controlling interests | | | | |
| Total equity | | | | |
| Total liabilities and equity | | | | |

¹ As of December 31, 2011, the General Insurance and Global Life segments include assets held for sale amounting to USD 38 million and USD 17 million, respectively. The Global Life segment includes total assets related to the Santander acquired insurance businesses amounting to USD 15.6 billion (see note 2).

² As of December 31, 2011, the General Insurance and Global Life segments include liabilities held for sale amounting to USD 41 million and USD 14 million, respectively. The Global Life segment includes total liabilities related to the Santander acquired insurance businesses amounting to USD 13.2 billion (see note 2).

| | Farmers | | Other Operating Businesses | | Non-Core Businesses | | Eliminations | | Total | |
|--|---------------|---------------|----------------------------|---------------|---------------------|---------------|-----------------|-----------------|----------------|----------------|
| | 03/31/12 | 12/31/11 | 03/31/12 | 12/31/11 | 03/31/12 | 12/31/11 | 03/31/12 | 12/31/11 | 03/31/12 | 12/31/11 |
| | 4,197 | 4,267 | 20,612 | 19,332 | 12,478 | 13,119 | (28,778) | (28,211) | 205,793 | 194,385 |
| | 469 | 580 | 9,534 | 8,596 | 2,428 | 2,637 | (14,873) | (14,552) | 10,046 | 8,768 |
| | 94 | 93 | 1,840 | 1,533 | 229 | 219 | – | – | 13,508 | 11,226 |
| | 1,268 | 1,295 | 4,677 | 4,563 | 6,607 | 7,016 | (978) | (962) | 149,440 | 142,861 |
| | 132 | 132 | 43 | 42 | 261 | 258 | – | – | 8,707 | 8,468 |
| | – | – | – | – | 1,344 | 1,409 | – | – | 11,225 | 11,058 |
| | 2,234 | 2,168 | 4,511 | 4,593 | 1,524 | 1,495 | (12,926) | (12,697) | 12,703 | 11,842 |
| | – | – | 6 | 6 | 85 | 84 | – | – | 164 | 161 |
| | – | – | – | – | 11,820 | 11,508 | – | – | 123,406 | 104,603 |
| | 4,197 | 4,267 | 20,612 | 19,332 | 24,298 | 24,626 | (28,778) | (28,211) | 329,199 | 298,988 |
| | – | – | – | – | 4,319 | 4,509 | (606) | (656) | 19,995 | 19,361 |
| | 2,168 | 2,141 | – | – | 531 | 508 | (27) | (28) | 2,792 | 2,711 |
| | 341 | 352 | – | – | 1 | 1 | – | – | 17,992 | 16,864 |
| | – | – | – | – | – | – | – | – | 810 | 824 |
| | 819 | 819 | – | – | – | – | – | – | 2,113 | 2,060 |
| | 1,426 | 1,434 | 291 | 286 | 1 | 1 | – | – | 8,129 | 5,774 |
| | 1,235 | 1,009 | 2,349 | 1,906 | 1,037 | 1,261 | (2,106) | (1,832) | 26,020 | 39,288 |
| | 10,186 | 10,023 | 23,252 | 21,525 | 30,186 | 30,906 | (31,517) | (30,727) | 407,050 | 385,869 |
| | – | – | – | – | – | – | – | – | 54,784 | 50,661 |
| | 2,825 | 2,728 | 44 | 39 | 21,796 | 21,972 | (587) | (637) | 264,835 | 240,811 |
| | 1,547 | 1,410 | 29 | 28 | 2,358 | 2,559 | (539) | (586) | 68,537 | 67,525 |
| | 1,278 | 1,318 | 6 | 4 | 22 | 22 | (7) | (9) | 20,020 | 16,567 |
| | – | – | 9 | 6 | 4,827 | 5,097 | (40) | (42) | 82,822 | 79,314 |
| | – | – | – | – | 2,769 | 2,787 | – | – | 19,433 | 18,251 |
| | – | – | – | – | 11,819 | 11,507 | – | – | 74,023 | 59,154 |
| | 125 | 125 | 23,462 | 22,590 | 2,783 | 2,134 | (25,724) | (24,611) | 6,707 | 6,541 |
| | – | – | 6,056 | 5,432 | 23 | 23 | (1,355) | (1,350) | 6,101 | 5,476 |
| | 1,723 | 1,635 | 6,041 | 3,149 | 3,537 | 4,428 | (3,852) | (4,129) | 40,151 | 48,364 |
| | 4,673 | 4,488 | 35,603 | 31,209 | 28,138 | 28,557 | (31,517) | (30,727) | 372,578 | 351,852 |
| | | | | | | | | | 31,815 | 31,636 |
| | | | | | | | | | – | – |
| | | | | | | | | | 31,815 | 31,636 |
| | | | | | | | | | 2,656 | 2,380 |
| | | | | | | | | | 34,472 | 34,017 |
| | | | | | | | | | 407,050 | 385,869 |

Consolidated financial statements *continued*

Table 15.4

in USD millions, for the three months ended March 31

General Insurance –
Customer segment
overview

| | Global Corporate | | North America Commercial | |
|--|------------------|--------|--------------------------|-------|
| | 2012 | 2011 | 2012 | 2011 |
| Gross written premiums and policy fees | 2,693 | 2,635 | 2,336 | 2,197 |
| Net earned premiums and policy fees | 1,345 | 1,269 | 1,772 | 1,766 |
| Insurance benefits and losses, net | 950 | 1,323 | 1,175 | 1,206 |
| Policyholder dividends and participation in profits, net | (2) | – | 1 | 2 |
| Total net technical expenses | 257 | 236 | 529 | 532 |
| Net underwriting result | 139 | (291) | 67 | 27 |
| Net investment income | 146 | 148 | 228 | 261 |
| Net capital gains/(losses) and impairments on investments | 8 | 4 | 23 | 13 |
| Net non-technical result (excl. items not included in BOP) | (29) | (13) | (51) | (47) |
| Business operating profit before non-controlling interests | 264 | (152) | 268 | 254 |
| Non-controlling interests | – | – | – | – |
| Business operating profit | 264 | (152) | 268 | 254 |
| Ratios, as % of net earned premiums and policy fees | | | | |
| Loss ratio | 70.6% | 104.3% | 66.3% | 68.3% |
| Expense ratio | 19.0% | 18.6% | 29.9% | 30.2% |
| Combined ratio | 89.6% | 122.9% | 96.2% | 98.5% |

| | Europe | | International Markets | | GI Global Functions including Group Reinsurance | | Eliminations | | Total | |
|--|--------|-------|-----------------------|--------|--|------|--------------|-------|--------|--------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| | 4,267 | 4,453 | 1,287 | 1,047 | 89 | 142 | (203) | (372) | 10,470 | 10,101 |
| | 2,993 | 3,147 | 993 | 781 | 1 | 19 | – | – | 7,104 | 6,984 |
| | 2,049 | 2,157 | 620 | 716 | (2) | (29) | – | – | 4,793 | 5,374 |
| | – | – | – | – | – | – | – | – | (1) | 2 |
| | 790 | 801 | 358 | 278 | (2) | 6 | (2) | 3 | 1,929 | 1,856 |
| | 154 | 189 | 15 | (212) | 6 | 42 | 2 | (3) | 383 | (248) |
| | 205 | 224 | 64 | 56 | 16 | 16 | (1) | – | 658 | 705 |
| | – | – | 2 | – | – | – | – | – | 33 | 17 |
| | (95) | (82) | (29) | (13) | (3) | (40) | (1) | 3 | (207) | (192) |
| | 264 | 332 | 52 | (169) | 19 | 17 | – | – | 866 | 282 |
| | – | 1 | 11 | 1 | – | – | – | – | 10 | 2 |
| | 264 | 331 | 41 | (169) | 19 | 17 | – | – | 856 | 280 |
| | 68.5% | 68.5% | 62.5% | 91.6% | nm | nm | n/a | n/a | 67.5% | 76.9% |
| | 26.4% | 25.5% | 36.1% | 35.5% | nm | nm | n/a | n/a | 27.1% | 26.6% |
| | 94.9% | 94.0% | 98.5% | 127.1% | nm | nm | n/a | n/a | 94.6% | 103.6% |

Consolidated financial statements *continued*

Table 15.5

in USD millions, for the three months ended March 31

General Insurance –
Revenues by region

| | Gross written premiums and policy fees from external customers | | of which Global Corporate | |
|------------------------|--|---------------|------------------------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| Middle East | 63 | 16 | 40 | 16 |
| Africa | | | | |
| South Africa | 135 | 161 | | |
| Morocco | 40 | 39 | | |
| Subtotal Africa | 175 | 200 | 9 | – |
| Latin America | | | | |
| Argentina | 97 | 70 | | |
| Brazil | 234 | 154 | | |
| Chile | 82 | 59 | | |
| Mexico | 127 | 79 | | |
| Venezuela | 47 | 47 | | |
| Rest of Latin America | 8 | 8 | | |
| Subtotal Latin America | 595 | 416 | – | – |
| North America | | | | |
| United States | 2,919 | 2,727 | | |
| Rest of North America | 211 | 208 | | |
| Subtotal North America | 3,130 | 2,935 | 823 | 779 |
| Asia-Pacific | | | | |
| Australia | 227 | 169 | | |
| Hong Kong | 52 | 41 | | |
| Japan | 203 | 179 | | |
| Taiwan | 35 | 32 | | |
| Rest of Asia-Pacific | 110 | 57 | | |
| Subtotal Asia-Pacific | 627 | 478 | 159 | 112 |
| Europe | | | | |
| United Kingdom | 824 | 878 | | |
| Germany | 1,485 | 1,533 | | |
| Switzerland | 1,754 | 1,756 | | |
| Italy | 468 | 531 | | |
| Spain | 492 | 553 | | |
| Rest of Europe | 852 | 803 | | |
| Subtotal Europe | 5,876 | 6,055 | 1,585 | 1,577 |
| Total | 10,467 | 10,100 | 2,616 | 2,484 |

General Insurance –
Non-current assets
by region

Table 15.6

in USD millions, as of

| | Property/equipment and intangible assets | |
|------------------------|---|--------------|
| | 03/31/12 | 12/31/11 |
| Middle East | 35 | 35 |
| Africa | | |
| South Africa | 17 | 19 |
| Morocco | 32 | 31 |
| Subtotal Africa | 49 | 50 |
| Latin America | | |
| Argentina | 15 | 7 |
| Brazil | 210 | 170 |
| Chile | 48 | 1 |
| Mexico | 283 | 10 |
| Venezuela | 14 | 13 |
| Rest of Latin America | 5 | 5 |
| Subtotal Latin America | 574 | 207 |
| North America | | |
| United States | 233 | 247 |
| Rest of North America | 32 | 6 |
| Subtotal North America | 266 | 254 |
| Asia-Pacific | | |
| Australia | 80 | 79 |
| Hong Kong | 11 | 6 |
| Japan | 31 | 33 |
| Taiwan | 19 | 18 |
| Rest of Asia-Pacific | 4 | 4 |
| Subtotal Asia-Pacific | 145 | 140 |
| Europe | | |
| United Kingdom | 205 | 199 |
| Germany | 216 | 210 |
| Switzerland | 604 | 589 |
| Italy | 46 | 49 |
| Spain | 510 | 501 |
| Rest of Europe | 647 | 609 |
| Subtotal Europe | 2,228 | 2,158 |
| Total | 3,296 | 2,844 |

Consolidated financial statements *continued*

Table 15.7

in USD millions, for the three months ended March 31

Global Life –
Overview

| | North America | | Latin America | |
|---|---------------|------------|---------------|------------|
| | 2012 | 2011 | 2012 | 2011 |
| Revenues | | | | |
| Life insurance deposits | 62 | 55 | 649 | 46 |
| Gross written premiums ¹ | 130 | 125 | 497 | 130 |
| Policy fees | 72 | 70 | 19 | 7 |
| Gross written premiums and policy fees | 202 | 195 | 516 | 137 |
| Net earned premiums and policy fees | 149 | 143 | 502 | 136 |
| Net investment income on Group investments | 80 | 83 | 54 | 32 |
| Net capital gains/(losses) and impairments on Group investments | – | – | 15 | – |
| Net investment result on Group investments | 80 | 83 | 69 | 32 |
| Net investment income on unit-linked investments | (11) | (10) | 3 | 2 |
| Net capital gains/(losses) and impairments on unit-linked investments | 48 | 20 | 286 | 4 |
| Net investment result on unit-linked investments | 37 | 10 | 290 | 7 |
| Other income | 23 | 24 | 21 | 3 |
| Total BOP revenues | 289 | 260 | 882 | 178 |
| Benefits, losses and expenses | | | | |
| Insurance benefits and losses, net ¹ | 79 | 63 | 218 | 97 |
| Policyholder dividends and participation in profits, net | 43 | 15 | 289 | 9 |
| Income tax expense/(benefit) attributable to policyholders | – | – | – | – |
| Underwriting and policy acquisition costs, net | 29 | 39 | 214 | 26 |
| Administrative and other operating expense (excl. depreciation/amortization) | 35 | 34 | 74 | 30 |
| Interest credited to policyholders and other interest | 38 | 37 | 1 | (1) |
| Restructuring provisions and other items not included in BOP | – | 1 | 7 | – |
| Total BOP benefits, losses and expenses | 225 | 189 | 804 | 162 |
| Business operating profit (before interest, depreciation and amortization) | 65 | 70 | 78 | 16 |
| Depreciation and impairments of property and equipment | – | – | 1 | – |
| Amortization and impairments of intangible assets | 5 | 7 | 40 | – |
| Interest expense on debt | 1 | 1 | (6) | – |
| Business operating profit before non-controlling interests | 58 | 63 | 43 | 15 |
| Non-controlling interests | – | – | 16 | – |
| Business operating profit | 58 | 63 | 27 | 15 |

¹ Europe includes approximately USD 170 million and USD 287 million of gross written premiums and future life policyholders' benefits for certain universal life-type contracts in the Group's Spanish operations for the three months ended March 31, 2012 and 2011, respectively (see note 3 of the Group's Annual Report 2011).

| | Europe | | Asia-Pacific and Middle East | | Other | | Eliminations | | Total | |
|--|------------|------------|------------------------------|-----------|------------|------------|--------------|----------|------------|------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| | 2,729 | 2,639 | 322 | 385 | 185 | 83 | - | - | 3,948 | 3,207 |
| | 2,051 | 2,257 | 175 | 116 | 38 | 32 | (10) | (9) | 2,881 | 2,650 |
| | 431 | 417 | 44 | 27 | 1 | 1 | - | - | 568 | 522 |
| | 2,481 | 2,673 | 219 | 143 | 39 | 33 | (10) | (9) | 3,448 | 3,172 |
| | 2,365 | 2,545 | 189 | 119 | 38 | 28 | - | - | 3,243 | 2,971 |
| | 824 | 864 | 43 | 14 | 3 | 3 | (1) | - | 1,002 | 997 |
| | 12 | (25) | 16 | 3 | - | - | - | - | 43 | (23) |
| | 836 | 839 | 58 | 17 | 3 | 3 | (1) | - | 1,045 | 974 |
| | 443 | 433 | 13 | 15 | 10 | 6 | - | - | 458 | 446 |
| | 4,011 | (179) | 486 | (64) | 53 | (25) | - | - | 4,885 | (244) |
| | 4,454 | 254 | 499 | (49) | 63 | (19) | - | - | 5,343 | 202 |
| | 89 | 93 | 43 | 49 | 88 | 64 | (1) | (2) | 263 | 232 |
| | 7,744 | 3,732 | 789 | 135 | 191 | 77 | (2) | (2) | 9,893 | 4,379 |
| | 2,153 | 2,365 | 58 | 29 | 26 | 22 | - | - | 2,535 | 2,576 |
| | 4,490 | 433 | 548 | (41) | 66 | (19) | - | - | 5,436 | 398 |
| | 171 | (26) | 5 | 3 | - | - | - | - | 176 | (24) |
| | 322 | 268 | 64 | 33 | 32 | 23 | - | - | 661 | 390 |
| | 337 | 300 | 58 | 70 | 66 | 52 | (2) | (2) | 569 | 486 |
| | 50 | 56 | 5 | 7 | - | - | - | - | 93 | 99 |
| | (22) | (10) | 9 | - | - | - | - | - | (5) | (9) |
| | 7,501 | 3,386 | 747 | 102 | 190 | 79 | (2) | (2) | 9,465 | 3,916 |
| | 243 | 346 | 42 | 33 | 1 | (2) | - | - | 428 | 463 |
| | 5 | 6 | 2 | 1 | - | - | - | - | 8 | 8 |
| | 58 | 63 | 1 | 1 | 1 | 1 | - | - | 105 | 72 |
| | 6 | 16 | - | - | - | - | - | - | 2 | 16 |
| | 174 | 261 | 39 | 32 | (1) | (4) | - | - | 314 | 367 |
| | 6 | 5 | - | - | - | - | - | - | 21 | 6 |
| | 169 | 256 | 40 | 32 | (1) | (4) | - | - | 293 | 362 |

Consolidated financial statements *continued*

Table 15.8

Global Life –
Revenues by region

in USD millions, for the three months ended March 31

| | Gross written premiums and policy fees from external customers | | Life insurance deposits | |
|---|--|--------------|-------------------------|--------------|
| | 2012 | 2011 | 2012 | 2011 |
| North America | | | | |
| United States | 202 | 195 | 62 | 55 |
| Subtotal North America | 202 | 195 | 62 | 55 |
| Latin America | | | | |
| Chile | 137 | 71 | – | 3 |
| Argentina | 28 | 9 | 9 | 9 |
| Bolivia | – | 3 | – | 3 |
| Mexico | 52 | 13 | – | – |
| Venezuela | 17 | 13 | – | – |
| Brazil | 283 | 28 | 640 | 31 |
| Subtotal Latin America | 516 | 137 | 649 | 46 |
| Europe | | | | |
| United Kingdom | 382 | 344 | 1,478 | 1,238 |
| Germany | 706 | 746 | 519 | 475 |
| Switzerland | 854 | 879 | 27 | 8 |
| Ireland ² | 127 | 95 | 497 | 538 |
| Spain | 266 | 446 | 73 | 203 |
| Italy | 72 | 89 | 115 | 162 |
| Portugal | 10 | 9 | 8 | 14 |
| Austria | 51 | 53 | 12 | – |
| Subtotal Europe | 2,467 | 2,660 | 2,729 | 2,639 |
| Asia-Pacific and Middle East | | | | |
| Hong Kong | 21 | 20 | 32 | 39 |
| Australia | 79 | 73 | 15 | 9 |
| Japan | 25 | 24 | 5 | 5 |
| Malaysia | 57 | – | – | – |
| Zurich International Life ¹ | 37 | 24 | 270 | 331 |
| Subtotal Asia-Pacific and Middle East | 219 | 142 | 322 | 385 |
| Other | | | | |
| Luxembourg ² | 1 | 1 | 185 | 83 |
| International Group Risk Solutions ³ | 28 | 23 | – | – |
| Subtotal Other | 29 | 24 | 185 | 83 |
| Total | 3,434 | 3,159 | 3,948 | 3,207 |

¹ Mainly includes business written through licenses into Asia-Pacific and Middle East.² Includes business written with freedom of service and freedom of establishment into Europe.³ Includes business written through licenses into all regions.

Global Life –
Non-current assets
by region

Table 15.9

in USD millions, as of

| | Property/equipment and intangible assets | |
|---------------------------------------|---|--------------|
| | 03/31/12 | 12/31/11 |
| North America | | |
| United States | 166 | 174 |
| Subtotal North America | 166 | 174 |
| Latin America | | |
| Chile | 508 | 21 |
| Argentina | 110 | 9 |
| Mexico | 337 | 1 |
| Brazil | 1,161 | 43 |
| Subtotal Latin America | 2,116 | 74 |
| Europe | | |
| United Kingdom | 426 | 415 |
| Germany | 814 | 816 |
| Switzerland | 63 | 60 |
| Ireland | 3 | 3 |
| Spain | 1,861 | 1,833 |
| Italy | 179 | 244 |
| Austria | 6 | 6 |
| Subtotal Europe | 3,351 | 3,378 |
| Asia-Pacific and Middle East | | |
| Hong Kong | 7 | 7 |
| Indonesia | 3 | 3 |
| Japan | 2 | 3 |
| Singapore | 1 | – |
| Malaysia | 112 | 109 |
| Zurich International Life | 5 | 5 |
| Subtotal Asia-Pacific and Middle East | 130 | 127 |
| Other | | |
| Luxembourg | 4 | 4 |
| Subtotal Other | 4 | 4 |
| Total | 5,767 | 3,757 |

Consolidated financial statements *continued*

| Table 15.10 | | | |
|---|---|---------------|--------------|
| Farmers – Overview | in USD millions, for the three months ended March 31 | Total | |
| | | 2012 | 2011 |
| Farmers Management Services | | | |
| | Management fees and other related revenues | 710 | 682 |
| | Management and other related expenses | 369 | 366 |
| | Gross management result | 341 | 316 |
| | Other net income (excl. items not included in BOP) | 14 | 13 |
| | Business operating profit before non-controlling interest | 354 | 329 |
| | Business operating profit | 354 | 329 |
| Farmers Re | | | |
| | Gross written premiums and policy fees | 1,053 | 707 |
| | Net earned premiums and policy fees | 1,094 | 738 |
| | Insurance benefits and losses, net | (769) | (493) |
| | Total net technical expenses | (341) | (231) |
| | Net underwriting result | (17) | 14 |
| | Net non-technical result (excl. items not relevant for BOP) | 15 | 15 |
| | Net investment result income | 19 | 22 |
| | Business operating profit before non-controlling interests | 18 | 51 |
| | Business operating profit | 18 | 51 |
| | Farmers business operating profit | 372 | 380 |
| Ratios, as % of net earned premiums and policy fees | | | |
| | Farmers Re Combined ratio | 101.5% | 98.1% |
| Supplementary information | | | |
| | Property, equipment and intangible assets ¹ | 2,458 | 2,454 |

¹ As of March 31, 2012 and December 31, 2011, respectively.

Consolidated financial statements *continued*

Table 15.11

Other Operating
Businesses –
Overview

in USD millions, for the three months ended March 31

| | Holding & Financing ¹ | |
|--|----------------------------------|--------------|
| | 2012 | 2011 |
| Gross written premiums and policy fees | 31 | 31 |
| Net earned premiums and policy fees | 18 | 19 |
| Net investment income | 102 | 131 |
| Other income | 17 | 25 |
| Total BOP revenues | 137 | 175 |
| Insurance benefits and losses, incl. PH dividends, net | 18 | 18 |
| Administrative and other operating expense (excl. depreciation/amortization) | 53 | (14) |
| Other expenses (excl. items not included in BOP) | 3 | 26 |
| Depreciation, amortization and impairments of property, equipment and intangible assets | – | – |
| Interest expense on debt | 274 | 259 |
| Business operating profit before non-controlling interests | (211) | (115) |
| Non-controlling interests | (8) | – |
| Business operating profit | (203) | (115) |

¹ Includes the previously separately disclosed sub-segment Alternative Investments.

| | Headquarters | | Eliminations | | Total | |
|--|--------------|-------------|--------------|----------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| | 4 | 3 | – | – | 35 | 35 |
| | 2 | 2 | – | – | 20 | 21 |
| | 11 | 10 | (2) | (2) | 112 | 140 |
| | 245 | 212 | (34) | (24) | 228 | 213 |
| | 258 | 224 | (35) | (26) | 360 | 373 |
| | – | 1 | – | – | 18 | 18 |
| | 262 | 265 | (34) | (24) | 281 | 227 |
| | – | – | – | – | 3 | 26 |
| | 20 | 17 | – | – | 20 | 17 |
| | – | – | (2) | (2) | 273 | 258 |
| | (25) | (59) | – | – | (235) | (174) |
| | – | – | – | – | (8) | – |
| | (25) | (59) | – | – | (227) | (174) |

Consolidated financial statements *continued*

Table 15.12

in USD millions, for the three months ended March 31

Non-Core
Businesses –
Overview

| | Total | |
|---|--------------|----------|
| | 2012 | 2011 |
| Gross written premiums and policy fees | 123 | 126 |
| Net earned premiums and policy fees | 118 | 120 |
| Insurance benefits and losses, net | (117) | 57 |
| Policyholder dividends and participation in profits, net | 392 | 129 |
| Total net technical expenses | 19 | 22 |
| Net underwriting result | (177) | (88) |
| Net investment income | 25 | 31 |
| Net capital gains/(losses) and impairments on investments | 250 | 102 |
| Net non-technical result (excl. items not included in BOP) | (17) | (39) |
| Business operating profit before non-controlling interests | 82 | 6 |
| Business operating profit | 81 | 6 |

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