

Financial highlights 2013

Zurich Insurance Group
Annual Report 2013

Financial highlights (unaudited)

The following table presents the summarized consolidated results of the Group for the years ended December 31, 2013 and 2012, and the financial position as of December 31, 2013 and 2012, respectively. All amounts are shown in U.S. dollars and rounded to the nearest million unless otherwise stated, with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts. This document should be read in conjunction with the Annual Report 2013 for the Zurich Insurance Group and with its Consolidated financial statements to December 31, 2013. Certain comparative figures have been restated as set out in note 1 of the Consolidated financial statements.

In addition to the figures stated in accordance with International Financial Reporting Standards (IFRS), the Group uses business operating profit (BOP), new business measures and other performance indicators to enhance the understanding of its results. Details of these additional measures are set out in the separately published Glossary. These should be viewed as complementary to, and not as substitutes for the IFRS figures. For a reconciliation of BOP to net income attributable to shareholders, see note 28 of the Consolidated financial statements.

Financial highlights

| in USD millions, for the years ended December 31, unless otherwise stated | 2013 | 2012 ¹ | Change ² |
|--|---------|-------------------|---------------------|
| Business operating profit | 4,680 | 4,084 | 15% |
| Net income attributable to shareholders | 4,028 | 3,887 | 4% |
| General Insurance gross written premiums and policy fees | 36,438 | 35,610 | 2% |
| Global Life gross written premiums, policy fees and insurance deposits | 27,095 | 30,259 | (10%) |
| Farmers Management Services management fees and other related revenues | 2,810 | 2,846 | (1%) |
| Farmers Re gross written premiums and policy fees | 4,045 | 4,361 | (7%) |
| General Insurance business operating profit | 2,859 | 2,112 | 35% |
| General Insurance combined ratio | 95.5% | 98.4% | 2.9 pts |
| Global Life business operating profit | 1,272 | 1,351 | (6%) |
| Global Life new business annual premium equivalent (APE) ³ | 4,418 | 4,030 | 10% |
| Global Life new business margin, after tax (as % of APE) ³ | 28.3% | 22.1% | 6.2 pts |
| Global Life new business value, after tax ³ | 1,251 | 890 | 41% |
| Farmers business operating profit | 1,516 | 1,402 | 8% |
| Farmers Management Services gross management result | 1,353 | 1,366 | (1%) |
| Farmers Management Services managed gross earned premium margin | 7.2% | 7.3% | (0.1 pts) |
| Average Group investments | 208,431 | 204,066 | 2% |
| Net investment result on Group investments | 7,398 | 8,983 | (18%) |
| Net investment return on Group investments ⁴ | 3.5% | 4.4% | (0.9 pts) |
| Total return on Group investments ⁴ | 1.3% | 7.0% | (5.7 pts) |
| Shareholders' equity | 32,503 | 34,505 | (6%) |
| Swiss Solvency Test capitalization ratio ⁵ | 206% | 185% | 21 pts |
| Diluted earnings per share (in CHF) | 25.23 | 24.72 | 2% |
| Book value per share (in CHF) | 196.14 | 214.86 | (9%) |
| Return on shareholders' equity (ROE) | 12.0% | 11.8% | 0.2 pts |
| Business operating profit (after tax) return on shareholders' equity (BOPAT ROE) | 10.5% | 9.3% | 1.2 pts |

¹ December 31, 2012 has been restated as set out in note 1 of the Consolidated financial statements.

² Parentheses around numbers represent an adverse variance.

³ New business amounts are calculated on embedded value principles before the effect of non-controlling interests. See Embedded value report for details of these principles. New business amounts for the year ended December 31, 2012 do not include Zurich Santander or new operations in Asia (including Zurich Insurance Malaysia Berhad – ZIMB).

⁴ Calculated on average Group investments.

⁵ Ratios as of July 1, 2013 and January 1, 2013, respectively, are calculated based on the Group's internal model, which is subject to the review and approval of the Group's regulator, the Swiss Financial Market Supervisory Authority (FINMA).

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Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predications of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the Group). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; and (viii) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

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