

Strong results, executing on strategic priorities

Annual results 2020

February 11, 2021
Investor and media presentation
Zurich Insurance Group



MAIN SECTIONS

(use symbols to navigate through the document)

-  Key highlights
-  Group results and outlook
-  Property & Casualty (P&C)
-  Life
-  Farmers
-  Group Functions & Operations and Non-Core Businesses
-  Group solvency, balance sheet and dividend proposal
-  Back to content page

OTHER IMPORTANT INFORMATION

(use symbols to navigate through the document)

-  Disclaimer
-  Dividend policy
-  P&C reinsurance program
-  Farmers Exchanges details by line of business
-  Group solvency and investments details
-  Restatements and alternative performance measures
-  Contacts and calendar
-  Back to slide

Key messages

Strong results with second half growth

Strong FY-20 performance with BOP of USD 4.2bn against challenging backdrop with return to growth in second half

Executing on strategic priorities

Customer and employee satisfaction scores increased; Digitalization of business and offering expanded; Key distribution partnerships deepened, and Farmers strengthened

Net P&C claims related to COVID-19 unchanged

FY-20 P&C claims net of associated frequency benefits unchanged at USD 450m; Overall impact including life and market impacts of USD 852m recognized in FY-20

Ongoing improvement in P&C underwriting

Solid growth driven by strong rate increases in commercial insurance with 2.6ppt improvement in accident year combined ratio ex-COVID and catastrophes

Recovery in life and stability in Farmers

Life return to growth in the second half of the year with full year BOP up 7% ex-COVID-19; Stable second half performance at Farmers Management Services

Stable dividend

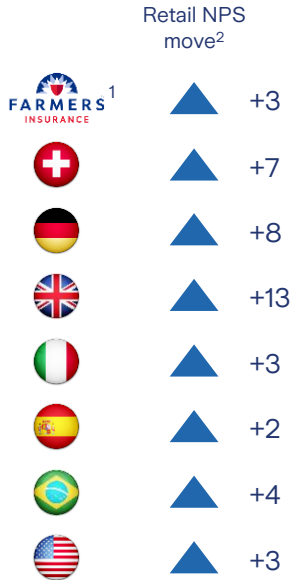
Stable dividend of CHF 20 proposed; Strong SST ratio of 182%¹ as of December 31 in line with new target for capital management²

¹ Estimated Swiss Solvency Test (SST) ratio as of January 1, 2021, has been calculated based on the Group's Internal Model, which has been approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of January 1 has to be filed with FINMA by end of April each year and is subject to review by FINMA. FINMA agreed to the use of standard yield curves for the main currencies to calculate the SST, starting end of Q1 2020.

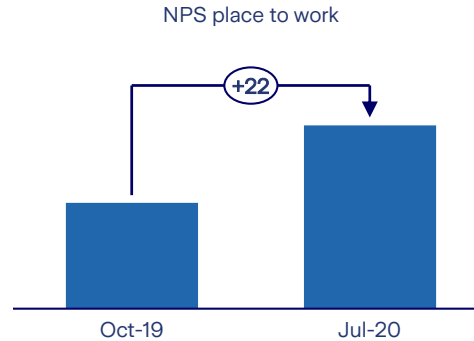
² For further information see page 33.

Actions during the crisis have earned the trust and confidence of our stakeholders, while our ESG approach is well recognized

STRENGTHENED CUSTOMER FOCUS



HIGHER EMPLOYEE SATISFACTION



Support during COVID-19 crisis:

- Rapid move to working from home
- Implementation of new digital tools
- Hospitalization benefits for employees and their families

INDUSTRY LEADING ESG RATINGS³

MSCI
ESG RATINGS

'AA' rating

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

#1 in insurance group

 **SUSTAINALYTICS**

#4
amongst industry peers


FTSE4Good

Absolute score of 4.4
(out of 5.0)


DISCLOSURE INSIGHT ACTION

'A-' Management Level

¹ For all references to Farmers Exchanges see the disclaimer and cautionary statements.

² FY-20 vs. FY-19. North America NPS data reflects commercial business.

³ MSCI ESG rating report July 2020, DJSI score Nov 2020, Sustainalytics ESG Risk Report Dec 2020, FTSE Industry Classification Benchmark (ICB), Dec 2020, CDP Climate Change Score 2020.

We are executing on our customer focused strategy and have continued executing on strategic priorities

EXPANDED DISTRIBUTION



Extended distribution agreement with Deutsche Bank

INNOVATION AND DIGITAL SERVICES



Global Business Platforms unit created to expand digital services

FARMERS STRENGTHENED



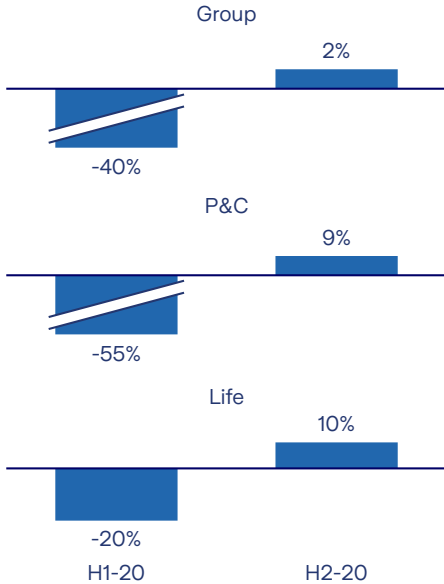
Acquisition of MetLife's U.S. P&C business¹ with Farmers Exchanges²

¹ Closing expected in the second quarter of 2021 and subject to regulatory approval.
² For all references to Farmers Exchanges see the disclaimer and cautionary statements.

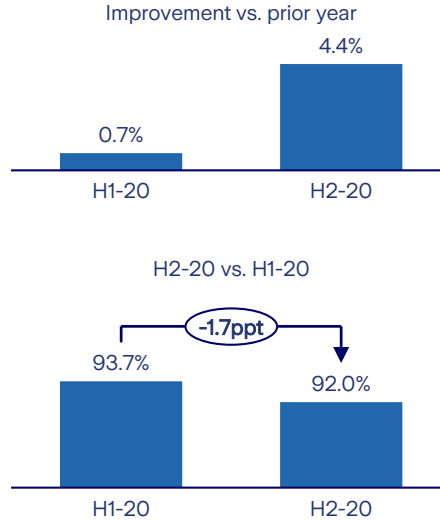
Significant improvement in second half of the year



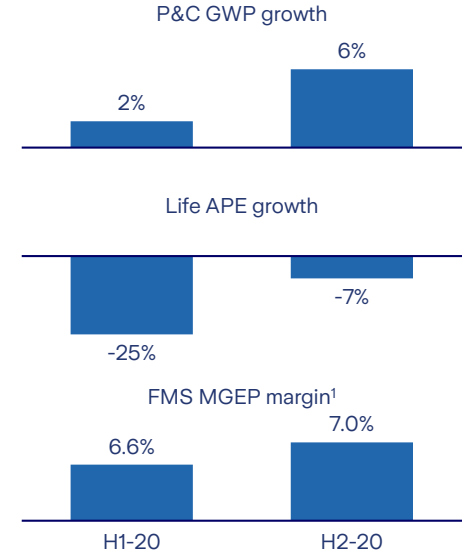
BOP GROWTH (%)



P&C AY CR EXCL. CATASTROPHES AND COVID-19 (%)



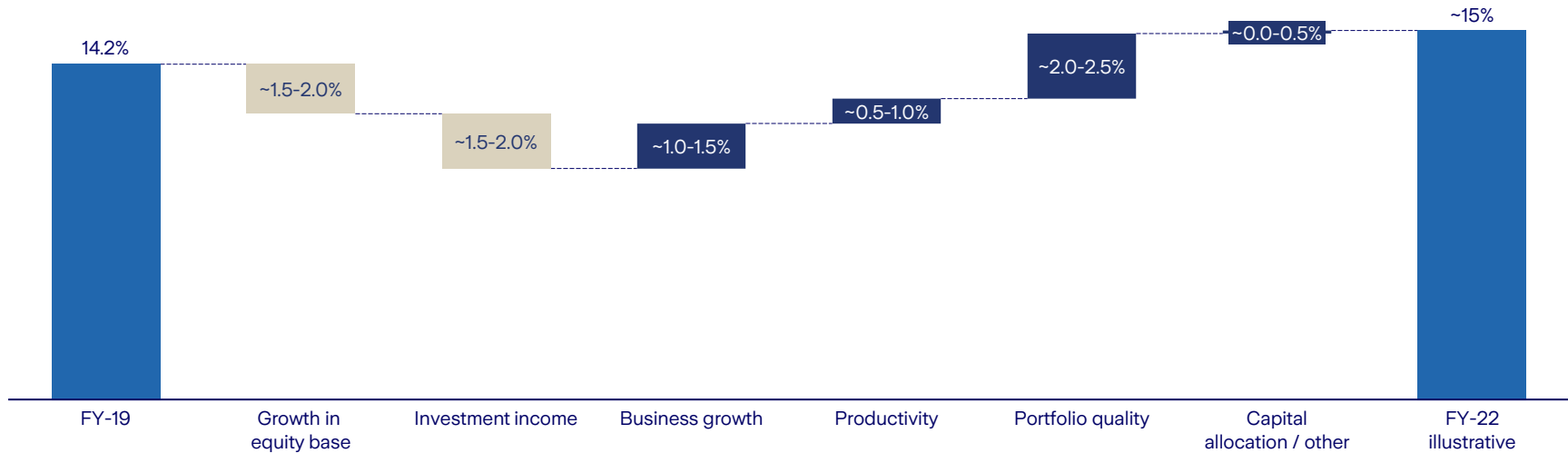
TOPLINE (%)



¹ Margin on gross earned premiums of the Farmers Exchanges. For all references to Farmers Exchanges see the disclaimer and cautionary statement.

We have adapted plans to the changed environment and expect to meet our 2020 – 2022 targets

ILLUSTRATIVE BOPAT ROE DEVELOPMENT (%)



A leading global commercial insurer with strong growth, continued strong pricing and improved terms and conditions

P&C COMMERCIAL

66%

Commercial share of FY-20 P&C GWP¹

7%

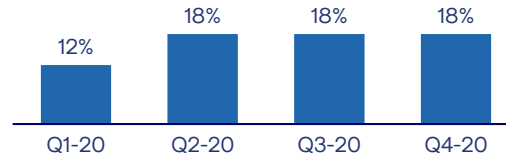
FY-20 GWP growth (like-for-like²)

+1.3ppts

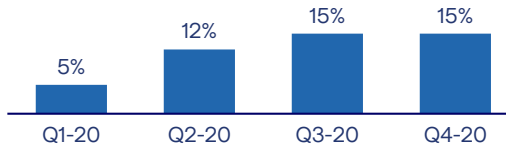
FY-20 retention rate in increase Y-o-Y

P&C COMMERCIAL RATE CHANGE³

North America



EMEA



IMPROVED TERMS & CONDITIONS

Increased use of Zurich standard wordings

Higher deductibles and self-insured retentions

Exclusions for industries and coverages out of appetite

Smaller line sizes

¹ Excluding Group Reinsurance and Eliminations.

² In local currency and after adjusting for closed acquisitions and disposals.

³ GWP development due to premium rate change as a percentage of the renewed portfolio (excl. the crop business) against the comparable prior year period.

Retail business has been resilient with GWP recovering in the second half, travel business faces a slow recovery



P&C RETAIL AND SME

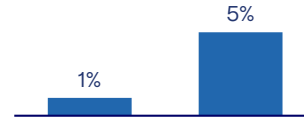
34%
Retail share of FY-20 P&C GWP¹

-2%
FY-20 GWP growth (like-for-like²)

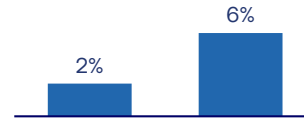
+1%
FY-20 P&C retail rate change (%)

P&C RETAIL AND SME GWP GROWTH²

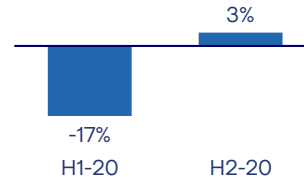
EMEA
(73% of FY-20 GWP)



Asia Pacific, excl.
travel insurance
(16% of FY-20 GWP)

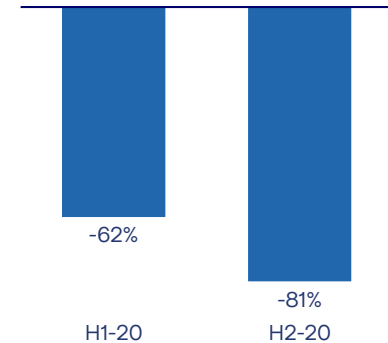


Latin America
(12% of FY-20 GWP)



COVER-MORE

Gross sales growth (%)

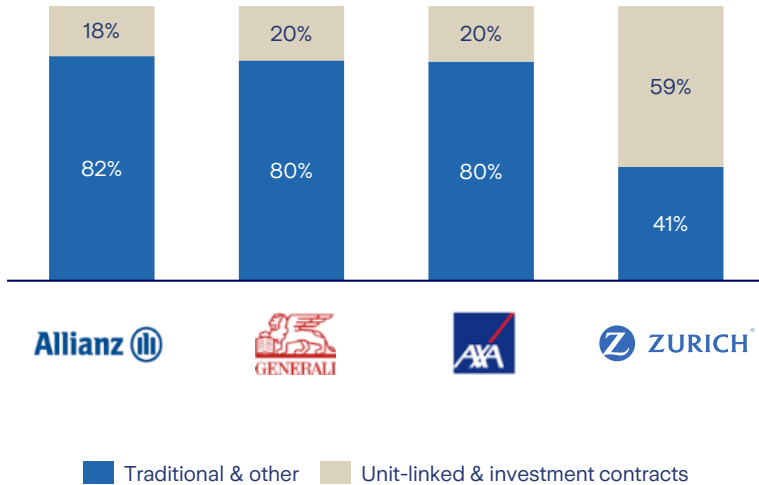


¹ Excluding Group Reinsurance and Eliminations.

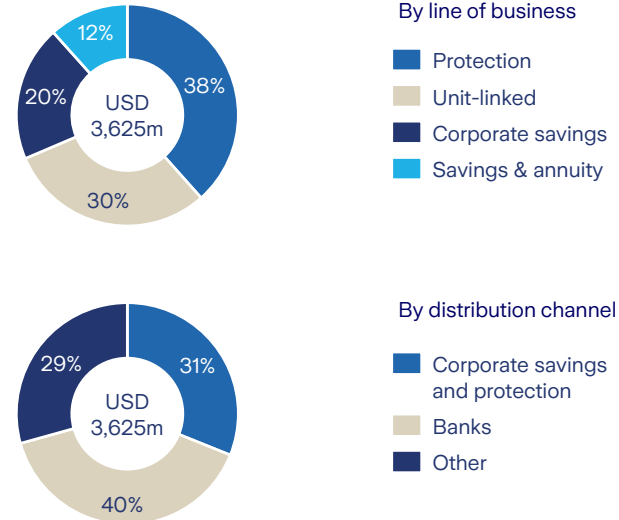
² In local currency and after adjusting for closed acquisitions and disposals.

Life business well positioned for ongoing low yields with focus on protection and capital light savings

FY-19 SPLIT GROSS RESERVES & LIABILITIES (%)

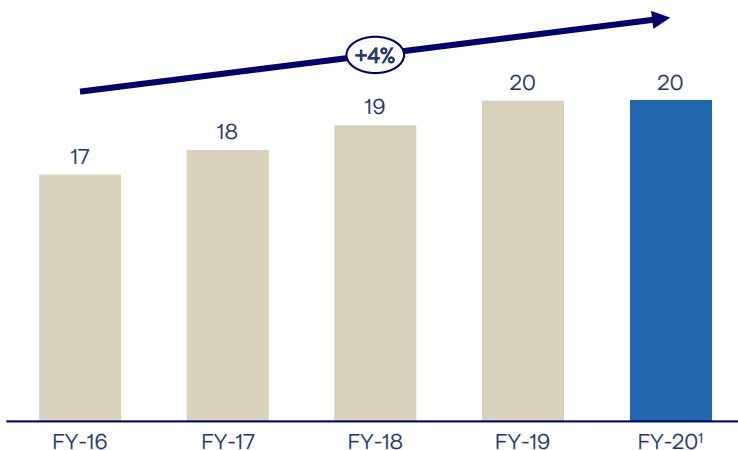


FY-20 NEW BUSINESS APE MIX (%)



2019 dividend paid as scheduled with stable dividend proposed for 2020; On track to meet 2022 targets

DIVIDEND PER SHARE (CHF)



2020 – 2022 AMBITION



BOPAT ROE²

>14%



Cumulative cash remittances

USD >11.5bn



SST³

>160%



Earnings per share growth⁴

>5% p.a.

¹ Proposed dividend, subject to approval by shareholders at the Annual General Meeting 2021.

² Business operating profit after tax return on equity, excluding unrealized gains and losses.

³ From FY-20 the basis for the target capitalization has been changed to the Swiss Solvency Test (SST), previously the target range was based on the Group's internal Z-ECM basis (see page 33).

⁴ Before capital deployment.

Well positioned for future success

RESILIENT BUSINESS MODEL



A balanced and diverse global business



Industry leading capital levels with conservatively managed balance sheet



Attractive return on equity

CLEAR STRATEGY



Focus on customer



Simplify



Innovate

RESPONSIBLE AND IMPACTFUL BUSINESS



Tackling climate change



Inspiring confidence in a digital society



Ensuring work sustainability

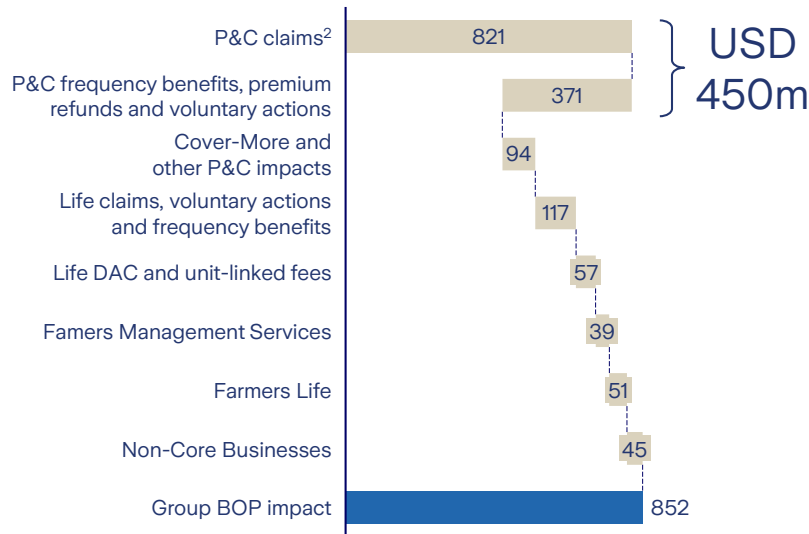
CFO update



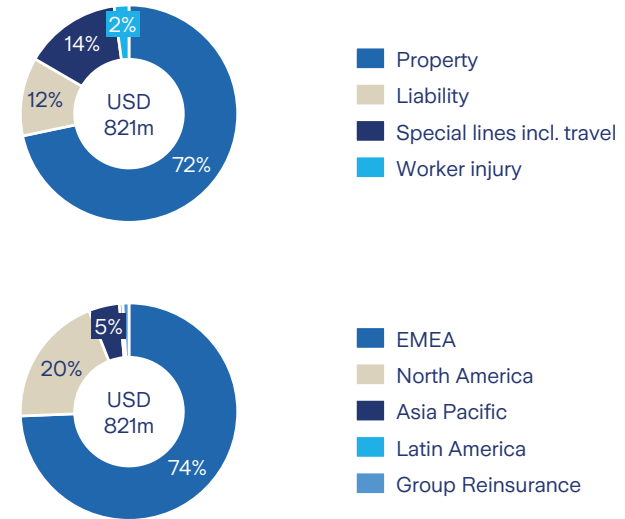
COVID-19 remains an earnings event; P&C claims net of frequency benefits stable at USD 450m



FY-20 COVID-19 GROUP BOP IMPACT (USDm)¹



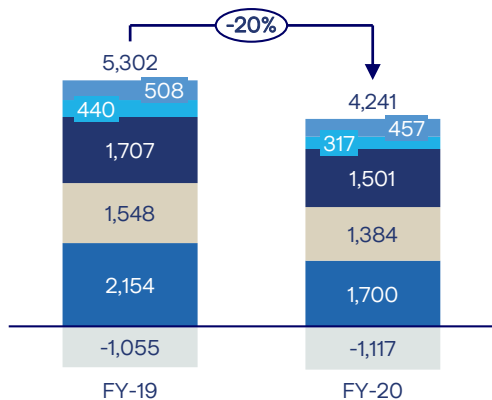
FY-20 PROPERTY & CASUALTY CLAIMS



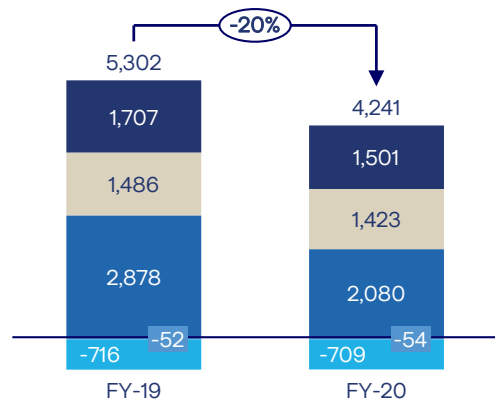
¹ Not included are either impacts from volume changes or exchange rate movements related to COVID-19 nor other management actions.
² Net of reinsurance including aggregate reinsurance cover.

Group BOP returned to growth in second half, with annual development driven by COVID-19, catastrophe losses and FX

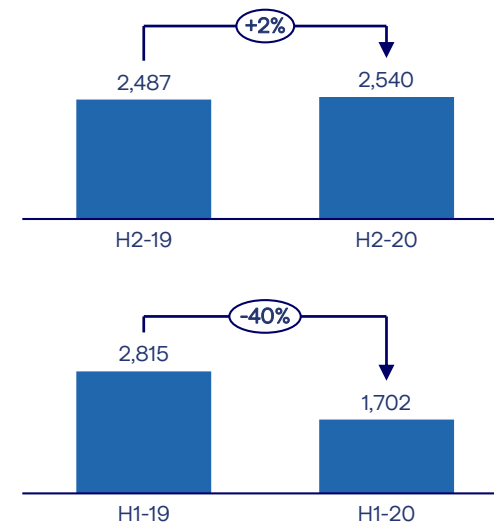
BOP BY REGION (USDm)



BOP BY BUSINESS (USDm)



GROUP BOP (USDm)



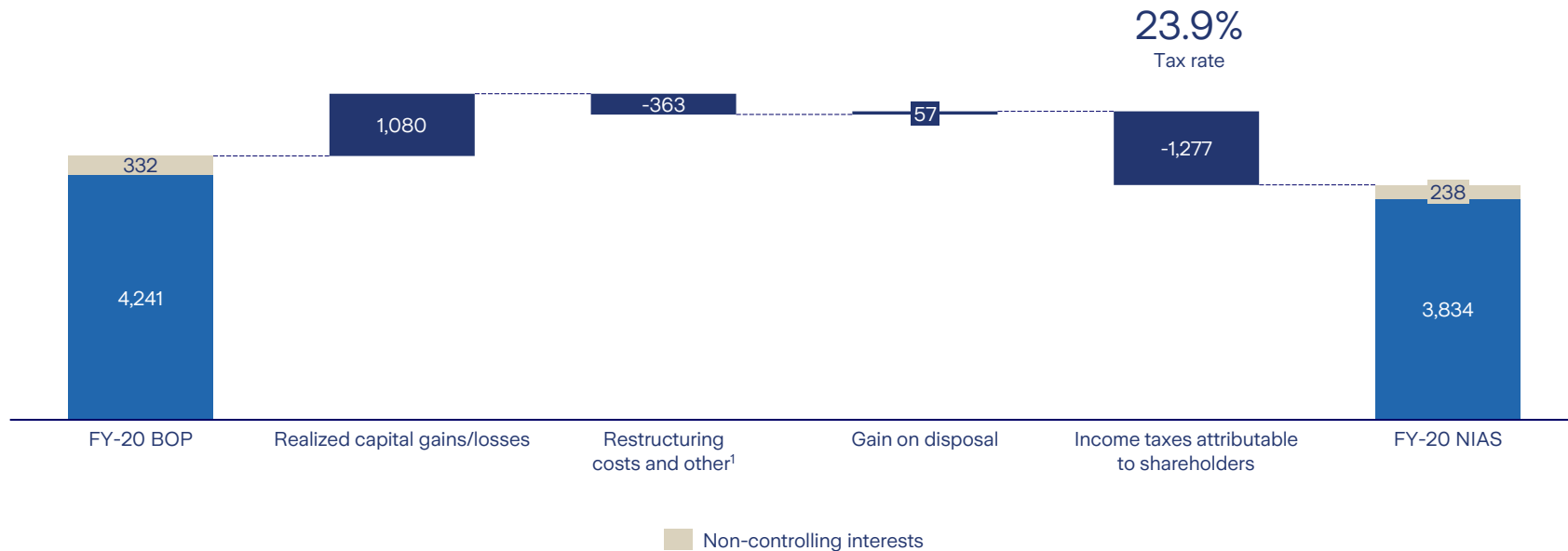
- EMEA
- Farmers
- Latin America
- North America
- Asia Pacific
- Other¹

- P&C
- Group Functions and Operations
- Farmers
- Life
- Non-Core Businesses

¹ Includes Group Functions and Operations, Non-Core Businesses and Group Reinsurance.

More modest decline in net income attributable to shareholders due to higher realized gains

BOP TO NIAS WALK (USDm)



¹ Restructuring costs include restructuring provisions, other adjustments and impairment of goodwill.

PROPERTY & CASUALTY

- Commercial pricing expected to increase further over 2021 with rate in excess of loss cost inflation
- Mid-single digit growth in net earned premiums
- Losses from natural catastrophes expected to be around ~3.5ppts
- Investment income expected to decline in the region of USD 50-100m p.a.
- Travel restrictions expected to continue to impact Cover-More, with only limited improvement in P&C net non-technical result in 2021

LIFE

- Mortality related to COVID-19 expected to remain elevated in first half of the year across both the Zurich and Farmers life businesses
- Growth in life BOP ex-Farmers expected to be in the mid- to high-single digit range for the year

FARMERS

- Excluding acquisition of MetLife's U.S. P&C business¹, Farmers Exchanges² GWP growth expected to be in the mid-single digits with FMS managed gross earned premium margin expected to be around 7%

OTHER

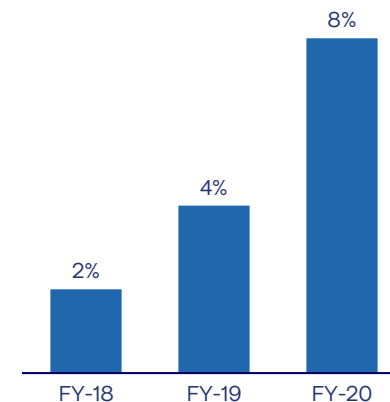
- Group Functions and Operations loss expected to be around USD 750-800m for the full year
- Restructuring and other costs outside of BOP expected to be in the range of ~USD 300m including MetLife P&C acquisition
- Effective tax rate expected to be around 25%

Commercial rate increases driving GWP growth; APAC and LatAm reductions driven by travel and extended warranty

FY-20 TOPLINE DEVELOPMENT (%)

| | GWP (USDm) | GWP like-for-like growth (%) ¹ | Rate change (%) ² | Rate change outlook |
|--------------------|------------|---|------------------------------|---------------------|
| EMEA | 15,839 | 6% | 5% | Stable |
| North America | 16,036 | 5% | 17% | Stable |
| Asia Pacific | 2,926 | -11% | 4% | Stable |
| Latin America | 2,299 | -2% | 4% | Stable |
| Total ³ | 35,518 | 4% | 8% | Stable |

TOTAL RATE CHANGE (%)²



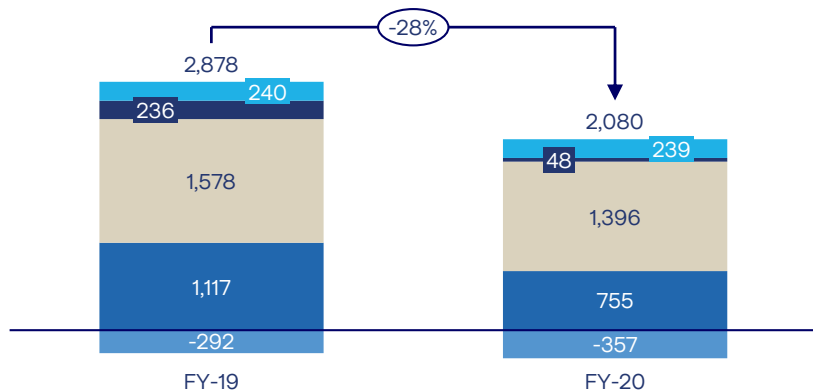
¹ In local currency and after adjusting for closed acquisitions and disposals.

² GWP development due to premium rate change as a percentage of the renewed portfolio (excl. the crop business) against the comparable prior year period.

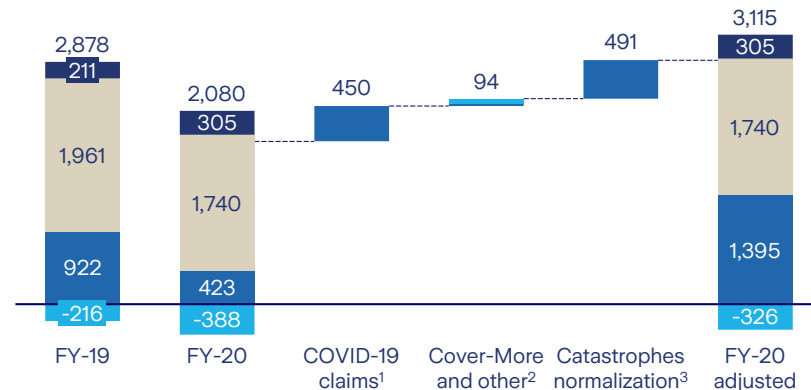
³ Total includes Group Reinsurance and Eliminations.

COVID-19, higher catastrophes and lower investment income explain FY-20 development

BOP (USDm)



BREAK DOWN BY COMPONENT (USDm)



¹ Net of frequency benefits and premium refunds.

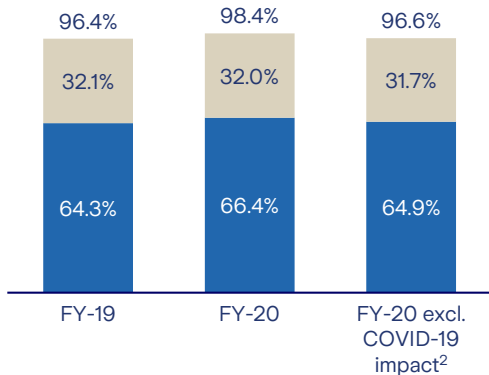
² Cover-More operating loss, and other impacts such as contributions to solidarity funds.

³ Normalization of catastrophes based on average of past experience around 3.5% (of net earned premiums).

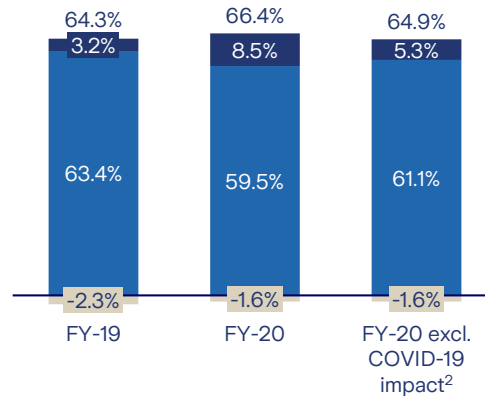
⁴ Includes non-technical result and non-controlling interest.

~2.6ppts improvement in accident year combined ratio excluding catastrophes and COVID-19

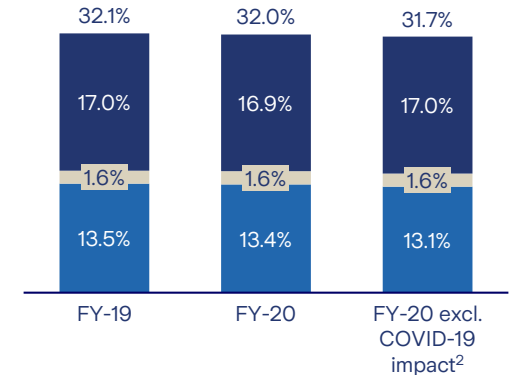
COMBINED RATIO (%)
-2.6ppts
 AY excl. COVID-19 and catastrophes



LOSS RATIO (%)
-2.3ppts
 AY excl. COVID-19 and catastrophes



EXPENSE RATIO (%)
-0.4ppts
 Excl. COVID-19



■ Loss ratio ■ Expense ratio

■ AY LR excl. catastrophes¹ ■ Cat loss ratio¹
 ■ PYD¹

■ OUE³ ■ Premium taxes and levies
 ■ Commissions

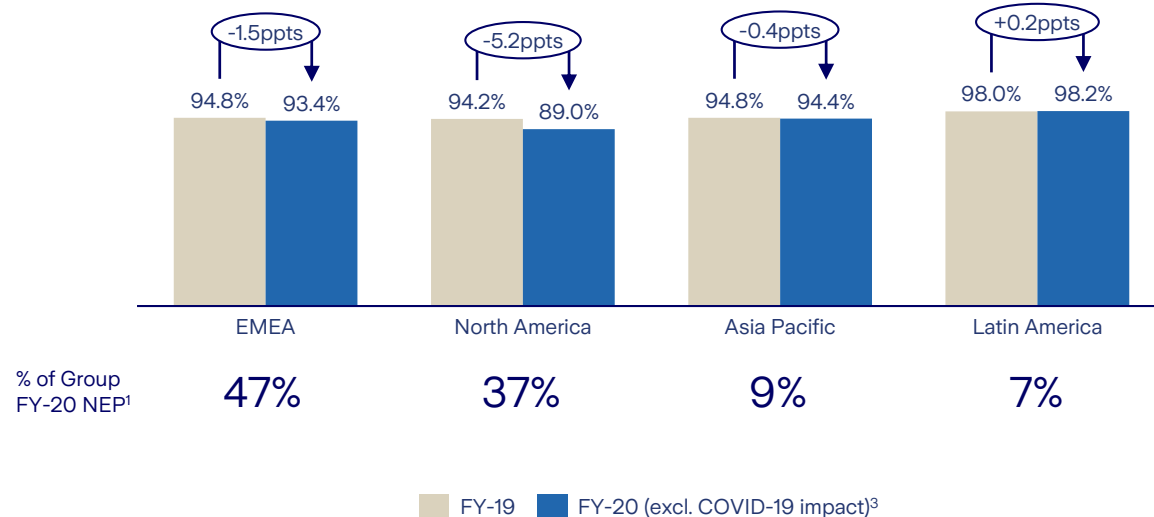
¹ Accident year combined ratio (AY CR) and loss ratio (AY LR) exclude prior year reserve development (PYD). Catastrophes (Cat) include major and mid-sized catastrophes including significant weather-related events.

² COVID-19 claims, frequency benefits, premium refunds, and Cover-More operating loss included in underwriting result.

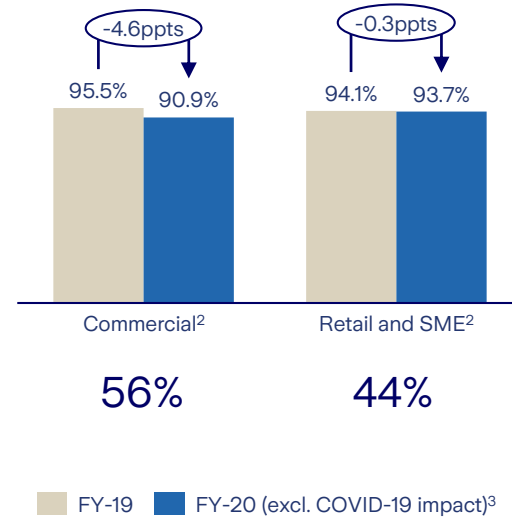
³ Other underwriting expenses.

Strong improvement in underlying combined ratio in North America and in Commercial Insurance

AY COMBINED RATIO (CR) EX CATASTROPHES AND COVID BY SEGMENT (%)¹



AY CR EX CATASTROPHES AND COVID BY CUSTOMER UNIT (%)¹



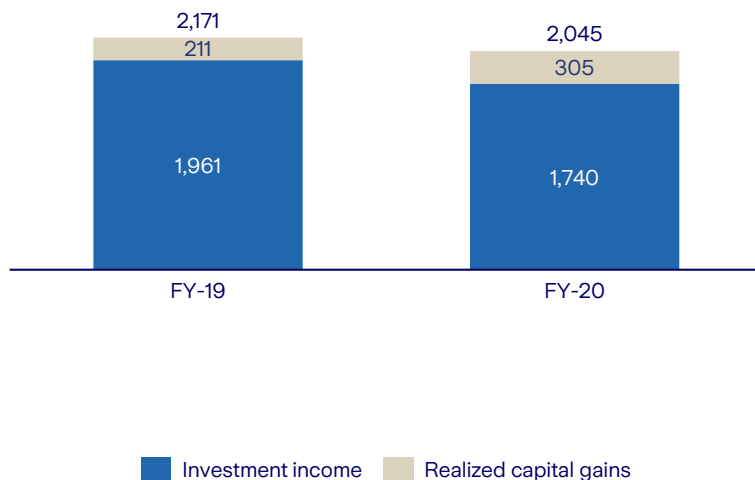
¹ Excluding Group Reinsurance and Eliminations.

² Starting from HY-20 the U.S. Alternative Markets business is reported within Commercial. FY-19 has been restated accordingly (see appendix). Retail and SME FY-19 includes USD 103m of eliminations.

³ Frequency benefits, Cover-More operating loss included in underwriting result, and premium refunds.

Investment result driven by lower yields partially offset by higher hedge fund gains

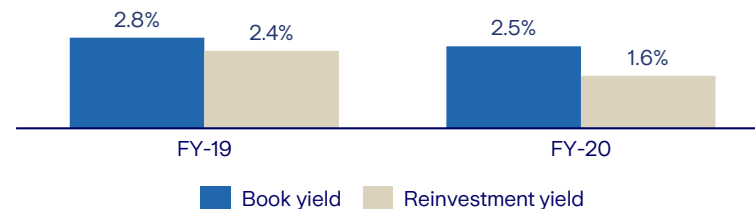
INVESTMENT RESULT IN BOP (USDm)



INVESTMENT INCOME YIELD OF GROUP INVESTMENTS (%)¹



BOOK & REINVESTMENT YIELD OF DEBT SECURITIES (%)²



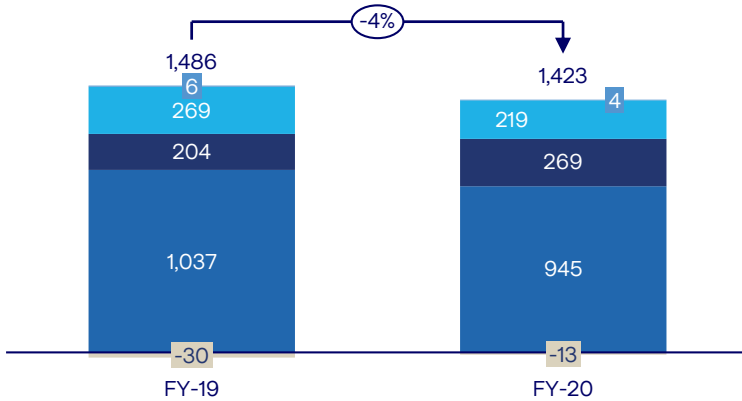
¹ Net of investment expenses. Investment income yield calculated based on average Group Investments (accounting view) during the period on an annual basis.

² Book yield calculated as weighted-average portfolio yield of debt securities during the period on an annual basis. Reinvestment yield calculated as a weighted-average trade yield of purchased debt securities with maturity >90 days during the period on an annual basis.

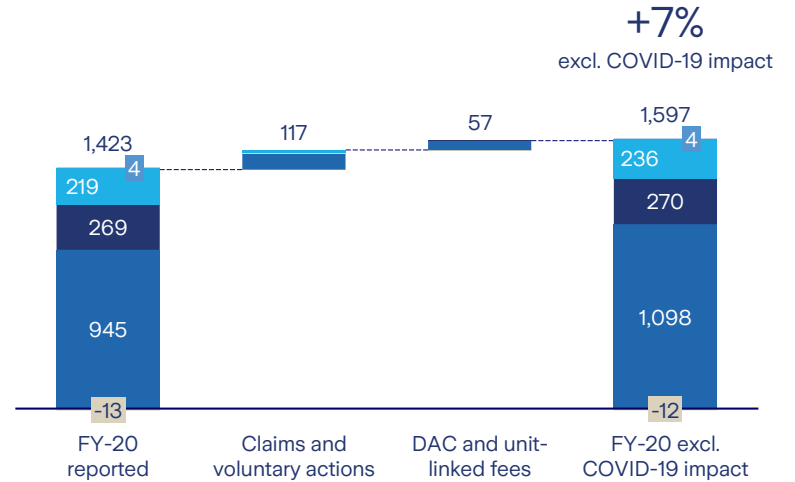
Underlying Life BOP excluding COVID-19 effects up 7%



BOP (USDm)



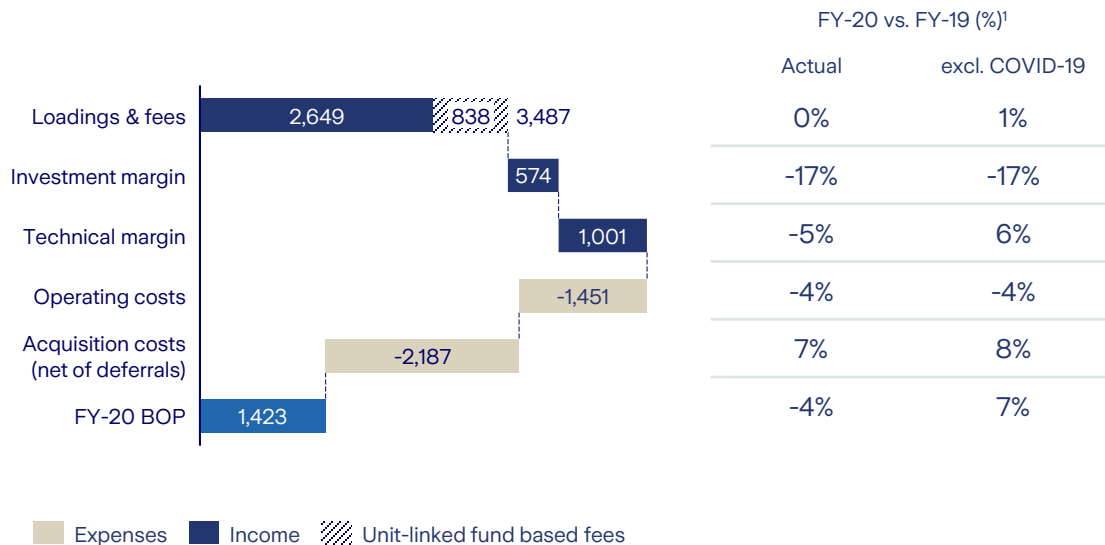
BOP EXCLUDING COVID-19 IMPACT (USDm)



■ EMEA
 ■ North America
 ■ Asia Pacific
 ■ Latin America
 ■ Group Re

Life BOP ex-COVID up 7%, with higher technical margin and fees

BUSINESS OPERATING PROFIT BY SOURCE OF EARNINGS (USDm)



KEY DRIVERS

89%

Income from loadings & fees and technical margins

+9%

Average unit-linked assets under management

stable

Technical margin ratio (excl. COVID-19 impact)

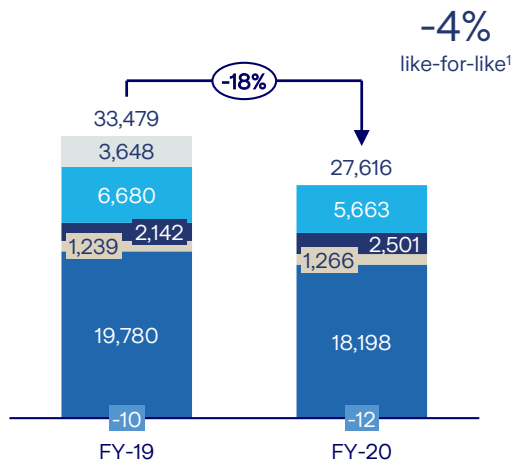
+10%

Average non unit-linked reserves

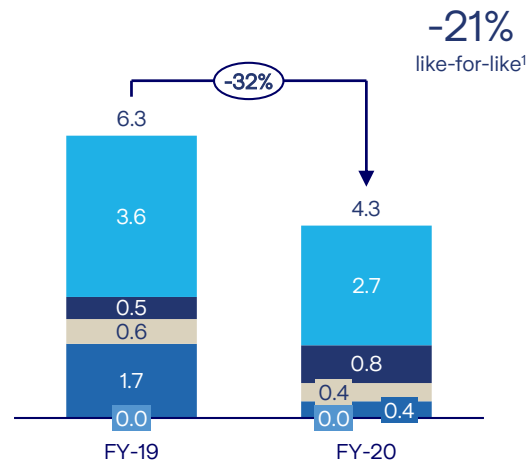
¹ Negative numbers represent an adverse variance.

Gross written premium and deposits impacted by reductions in EMEA

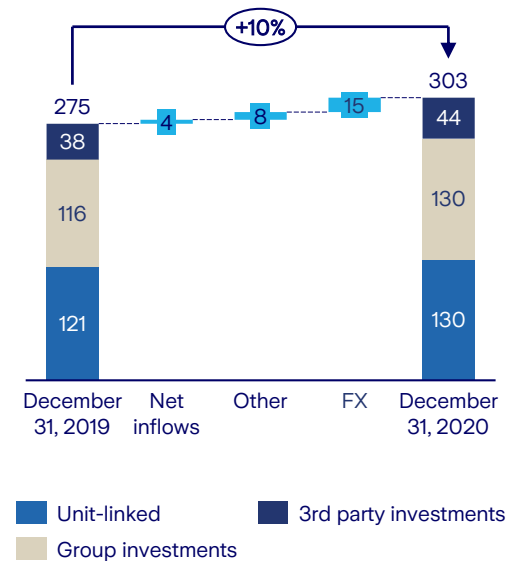
GWP AND DEPOSITS (USDm)



NET INFLOWS BY SEGMENT (USDbn)



ASSETS UNDER MANAGEMENT (USDbn)



EMEA North America Asia Pacific Latin America Other Disposed business²

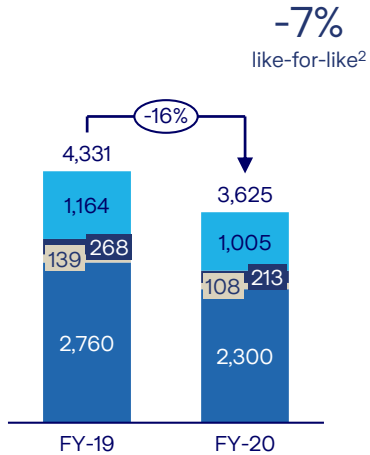
Unit-linked 3rd party investments
Group investments

¹ In local currency and after adjusting for closed acquisitions and disposals.

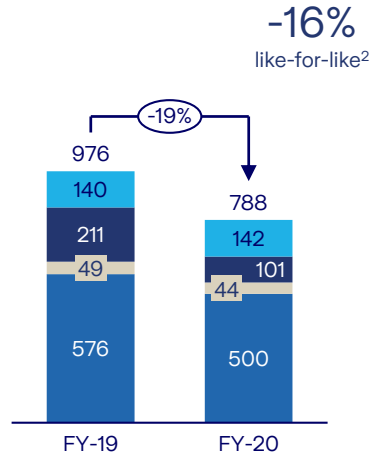
² Includes UK workplace pensions and savings business. On July 1, 2019, the remaining insurance business was transferred by Zurich Assurance Ltd to Scottish Widows Limited.

Protection and capital efficient savings products account for ~88% of APE and ~100% of NBV

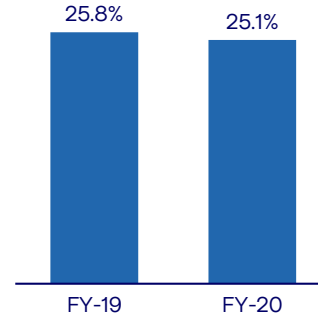
APE (USDm)¹



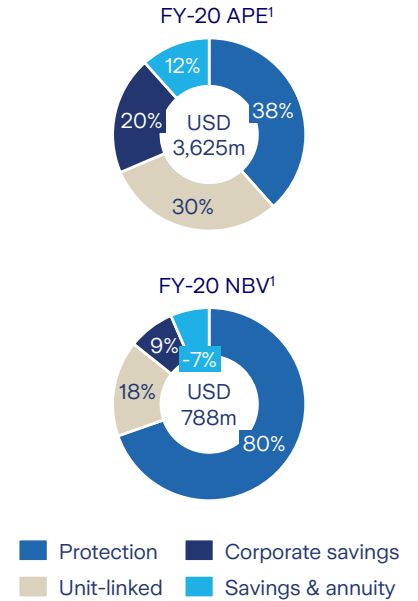
NBV (USDm)¹



NBM (%)¹



NEW BUSINESS MIX (%)



EMEA North America Asia Pacific Latin America

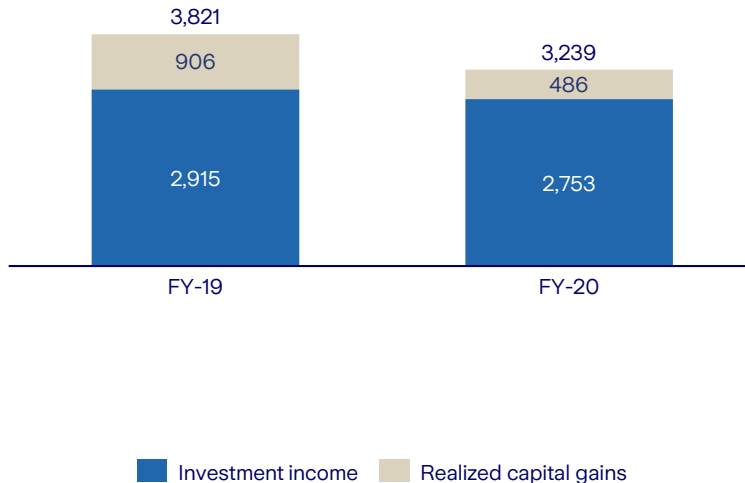
Protection Corporate savings Unit-linked Savings & annuity

¹ Annual premium equivalent (APE) is reported before non-controlling interests. New business margin (NBM) and value (NBV) are reported net of non-controlling interests.

² In local currency and after adjusting for closed acquisitions and disposals.

Investment result driven by lower realized capital gains; ongoing pressure on portfolio yield

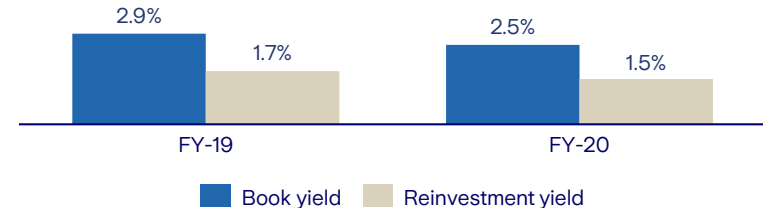
INVESTMENT RESULT IN BOP, GROSS OF PH (USDm)¹



INVESTMENT INCOME YIELD OF GROUP INVESTMENTS (%)²



BOOK & REINVESTMENT YIELD OF DEBT SECURITIES (%)³



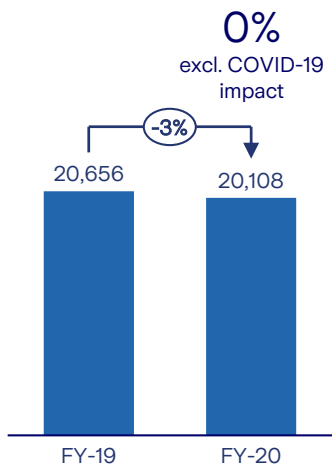
¹ Gross of policyholder participation (PH).

² Net of investment expenses. Investment income yield calculated based on average Group Investments (accounting view) during the period on an annual basis.

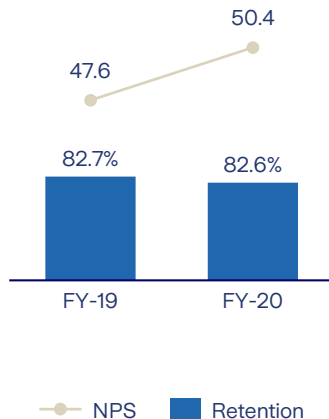
³ Book yield calculated as weighted-average portfolio yield of debt securities during the period on an annual basis. Reinvestment yield calculated as a weighted-average trade yield of purchased debt securities with maturity >90 days during the period on an annual basis.

Stable top line at Farmers Exchanges¹ before customer premium credits with further improvement in surplus

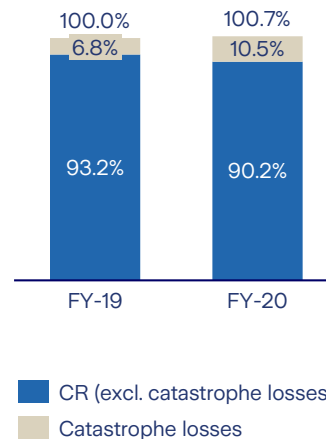
GWP (USDm)



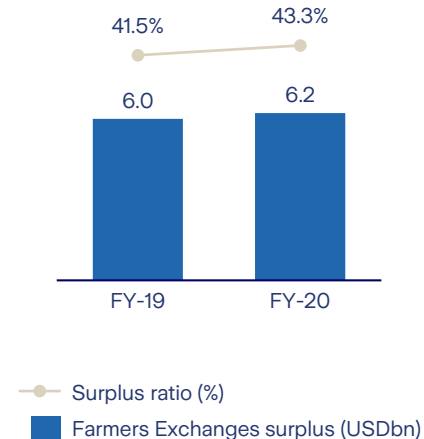
NPS / RETENTION (%)



COMBINED RATIO (%)²



SURPLUS

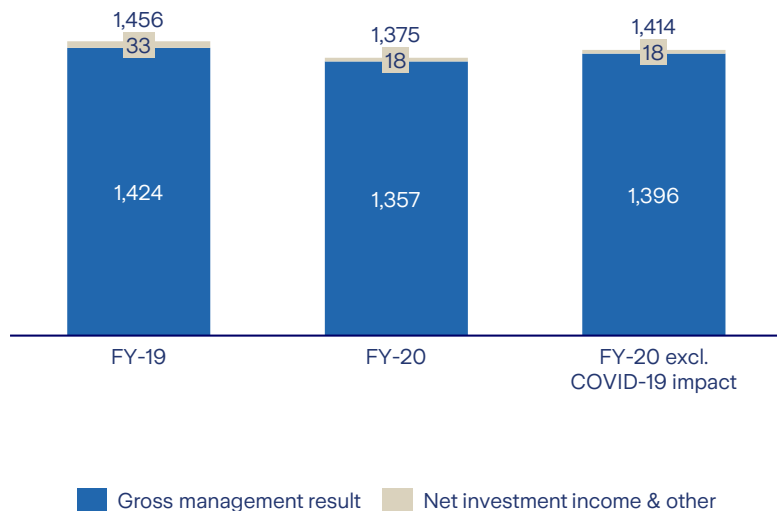


¹ For all references to Farmers Exchanges see the disclaimer and cautionary statement.

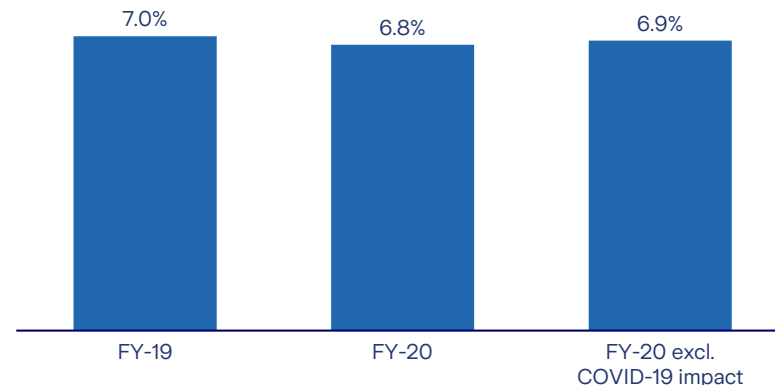
² Combined ratio before quota share reinsurance.

Customer premium credits at Farmers Exchanges¹ drive reduction in fees with no offset to costs

BUSINESS OPERATING PROFIT (USDm)



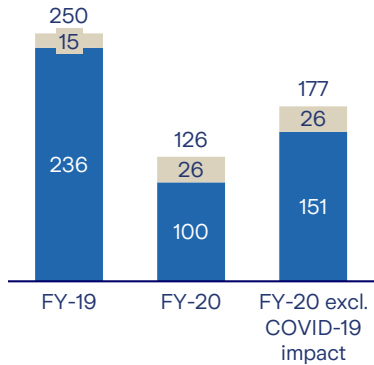
MGEP MARGIN (%)¹



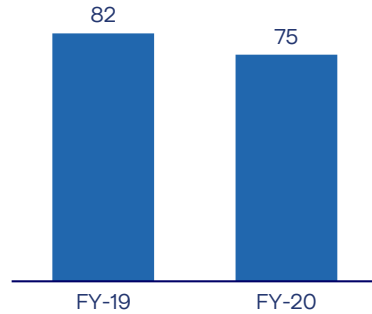
¹ Margin on gross earned premiums of the Farmers Exchanges. For all references to Farmers Exchanges see the disclaimer and cautionary statement.

Farmers Life with strong growth in new business value, BOP impacted by COVID related mortality

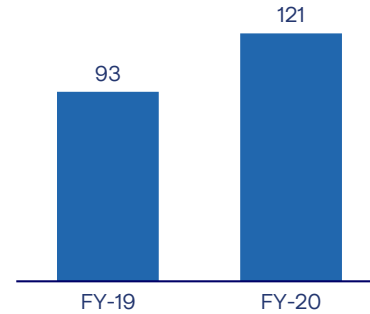
BOP (USDm)



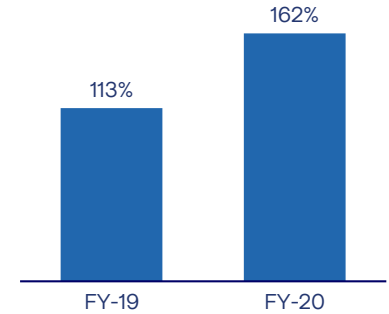
FARMERS LIFE APE (USDm)¹



FARMERS LIFE NBV (USDm)¹



FARMERS LIFE NBM (%)¹

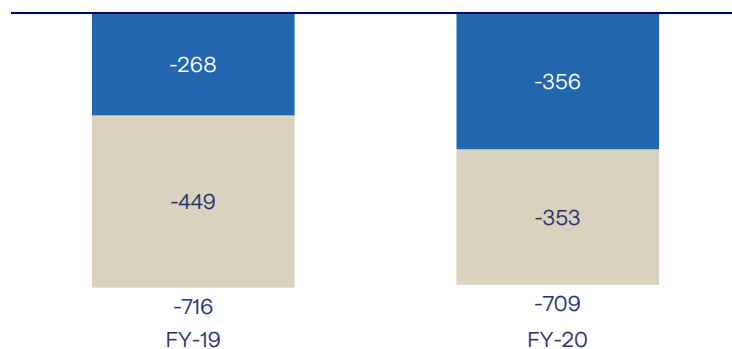


■ Farmers Life ■ Farmers Re

¹ Annual premium equivalent (APE); new business value (NBV) and margin (NBM).

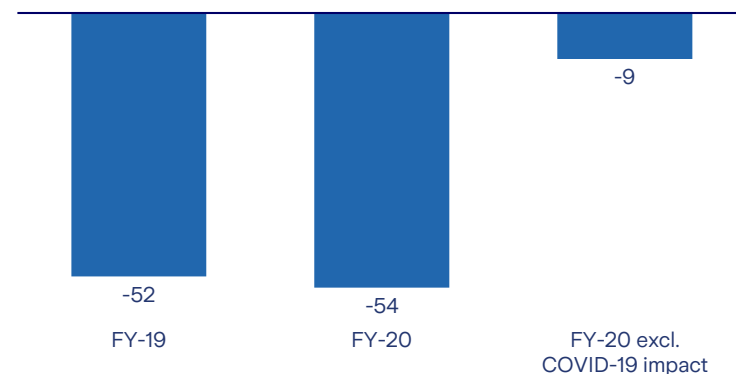
Further reduction in net cost of Group Functions and Operations; Non-Core Business impacted by COVID-19

GROUP FUNCTIONS AND OPERATIONS BOP (USDm)



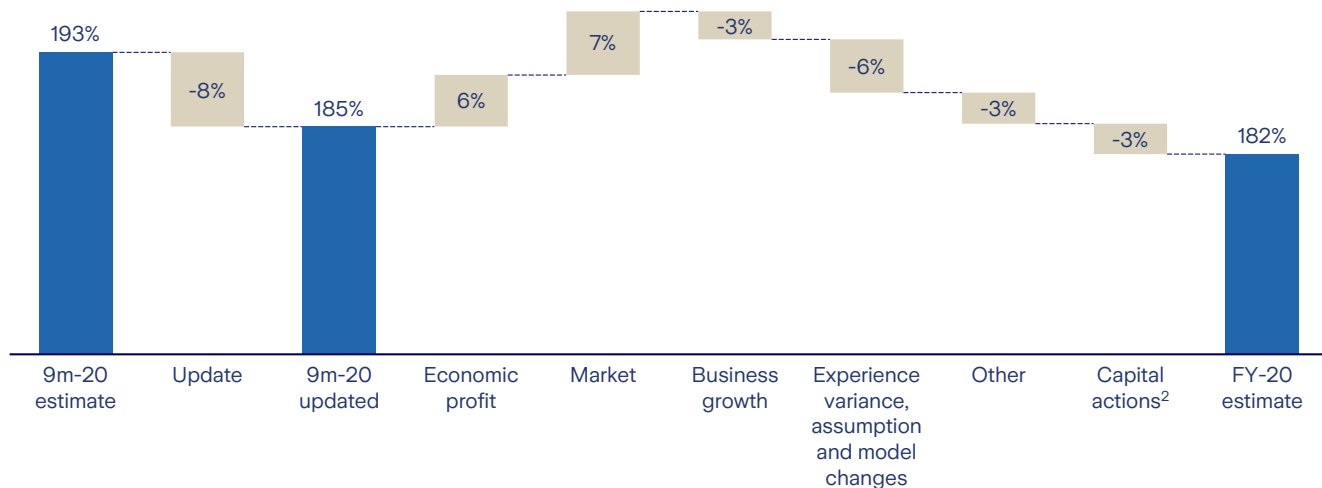
■ Headquarters (HQ)
 ■ Holding & Financing

NON-CORE BUSINESS BOP (USDm)



Strong capital position with SST ratio of 182% at December 31

Q4 SST RATIO DEVELOPMENT (%)¹



COMMENTARY

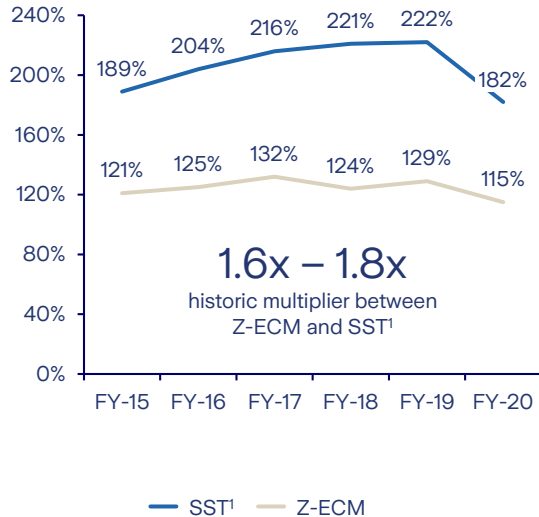
- Update following changes to estimation process to improve accuracy
- Strong economic capital generation
- Market movements in-line with sensitivities mainly from equities and credit spreads
- Business growth reflecting increased growth expectations
- Adverse experience variances and assumption updates related to a number of life portfolios
- Estimated Z-ECM at December 31 is in the upper half of the 100-120% range

¹ On Swiss Solvency Test (SST) see footnote on page 3.

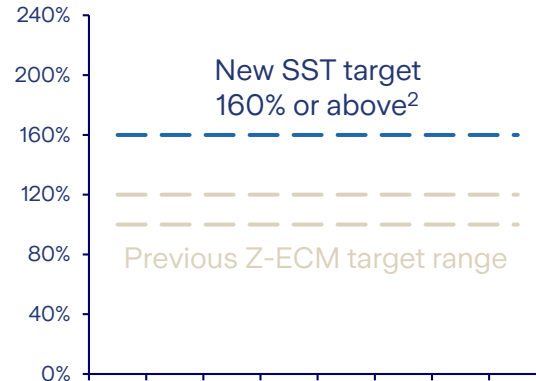
² Capital actions include dividend payment and debt issuances and repayments.

New SST target capital of “160% or above” equivalent to AA level of capital; Approach to capital management unchanged

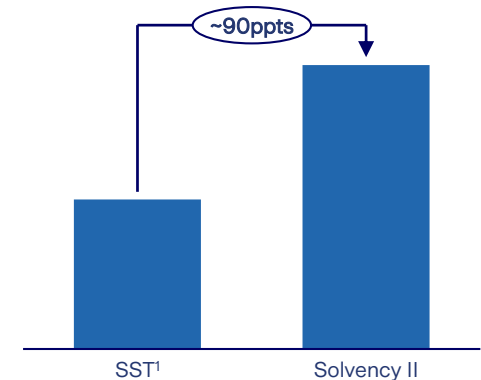
GROUP SOLVENCY DEVELOPMENT (%)



TARGET CAPITALIZATION (%)



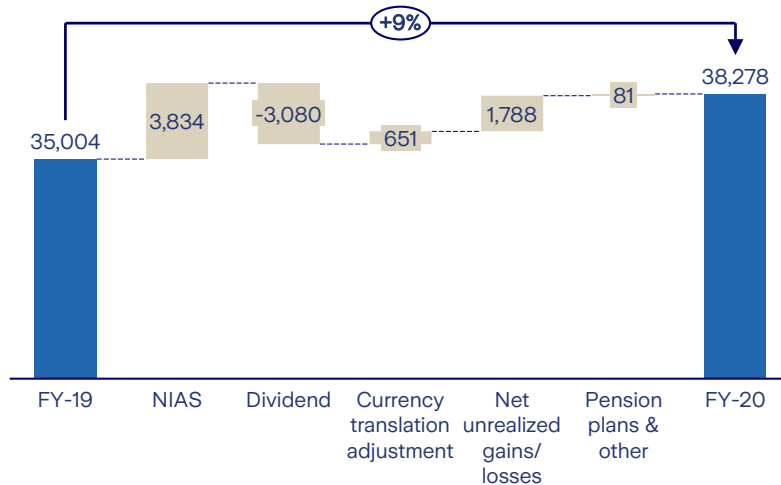
Q1-20 SST VS. SOLVENCY II FOR EUROPEAN UNION ENTITIES (%)



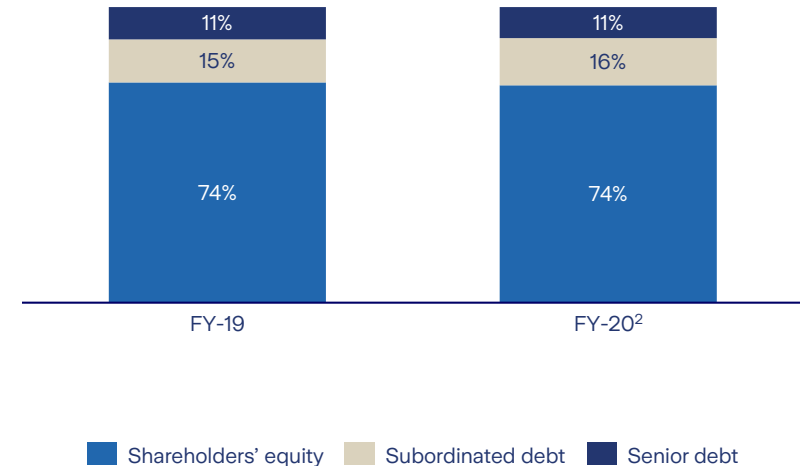
¹ On Swiss Solvency Test (SST) see footnote on page 3. The ratio as of January 1, 2020 has been re-calculated on the same basis for disclosure purposes in order to allow better comparison.
² 160% of SST equivalent to 100% Z-ECM and an AA-level of capital.

Increased shareholders equity and stable Group capital structure

SHAREHOLDERS' EQUITY (USDm)



CAPITAL STRUCTURE (%)¹

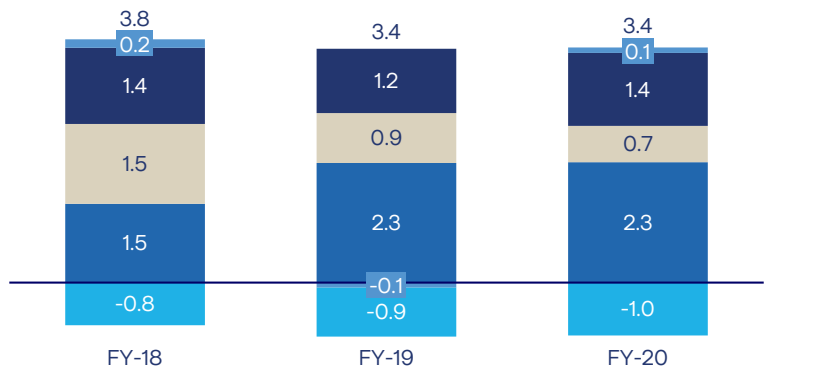


¹ Based on IFRS balance sheet.

² Capital structure as of December 31, 2020, i.e., doesn't include the placement of USD 1.75bn of dated subordinated debt announced on January 12, 2021.

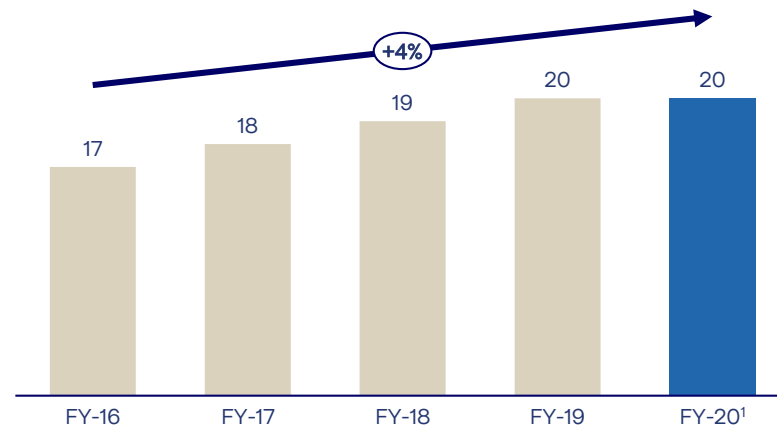
Continued strong cash remittance; CHF 20 dividend proposed

CASH REMITTANCES (USDbn)



■ Property & Casualty
 ■ Farmers
 ■ Non-Core Businesses
■ Life
 ■ Group Functions & Operations

DIVIDEND PER SHARE (CHF)



¹ Proposed dividend, subject to approval by shareholders at the Annual General Meeting 2021.

Disclaimer and cautionary statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions 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, in the financial services industries in particular; (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; (viii) increased litigation activity and regulatory actions; and (ix) 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. Specifically in relation with the COVID-19 related statements, such statements were made on the basis of circumstances prevailing at a certain time and on the basis of specific terms and conditions (in particular applicable exclusions) of insurance policies as written and interpreted by the Group and may be subject to regulatory, legislative, governmental and litigation-related developments affecting the extent of potential losses covered by a member of the Group or potentially exposing the Group to additional losses if terms or conditions are retroactively amended by way of legislative or regulatory action. 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.

All references to "Farmers Exchanges" mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled inter-insurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the three Exchanges and in that capacity provide certain non-claims services and ancillary services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full year results.

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.

Appendix



We are focused on continuing to reward our shareholders



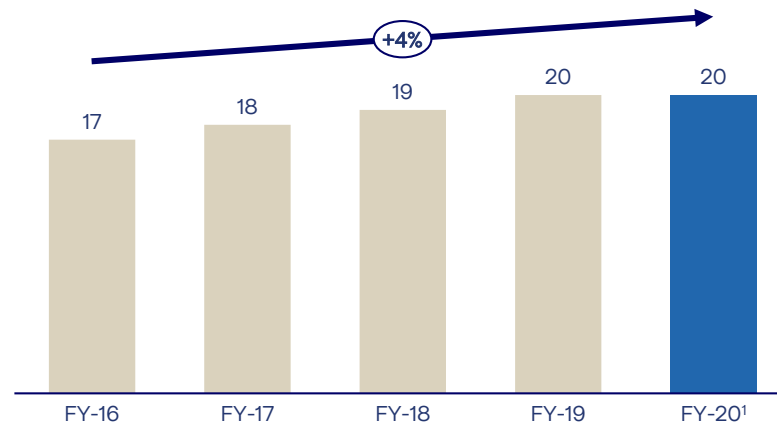
DIVIDEND POLICY¹

NIAS² payout ratio of ~75%

Dividend increases based on sustainable earnings growth

Minimum target of prior year level

DIVIDEND PER SHARE (CHF)



¹ The dividend is subject to the approval by the shareholders at the Annual General Meeting.

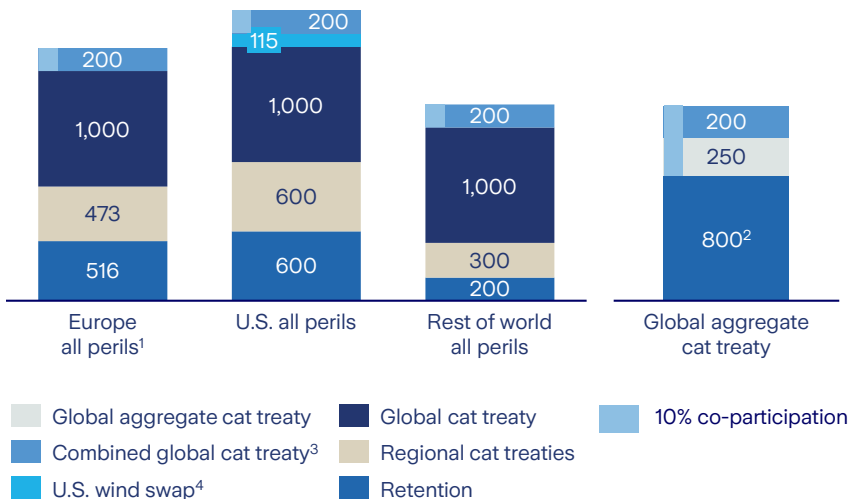
² Net income attributable to shareholders.



Balance sheet and large loss volatility well managed through reinsurance



GROUP CATASTROPHE REINSURANCE PROTECTION (USDm)



GLOBAL SURETY EXCESS OF LOSS

- Designed to manage earnings volatility
- North America: USD 325m coverage per customer in excess of USD 75m retention
- Other regions: USD 362.5m coverage per customer in excess of USD 37.5m retention
- Aggregate limit: USD 1.1bn

MAIN ADDITIONAL TREATIES

- Global property per risk
- U.S. property quota share
- U.S. liability quota share

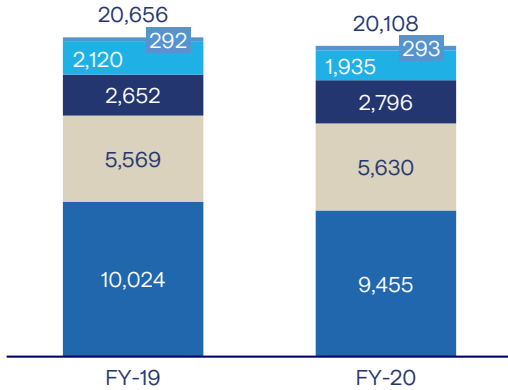
¹ Europe cat treaty calculated with EUR/USD exchange rate as of January 31, 2021 (EUR 390m in excess of EUR 425m).
² Franchise deductible of USD 45m, i.e. losses greater than USD 45m count towards erosion of the retention (annual aggregate deductible).
³ This USD 200m cover can be used only once, either for aggregated losses or for an individual occurrence or event.
⁴ Only relevant for U.S. windstorm.



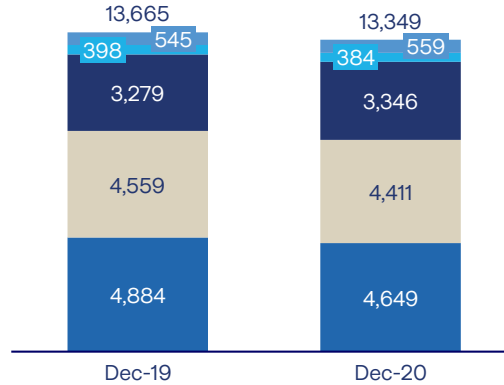


Top-line impacted by auto and SME premium credits

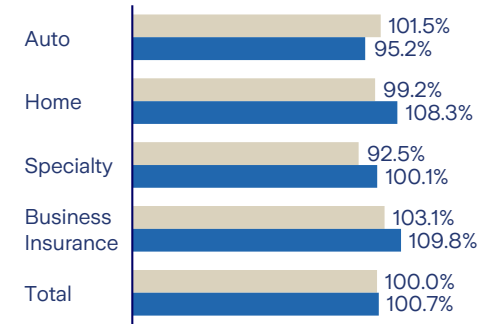
GROSS WRITTEN PREMIUM (USDm)



POLICIES-IN-FORCE (000's)



COMBINED RATIO (%)



■ Auto ■ Specialty ■ Other
■ Home ■ Business insurance

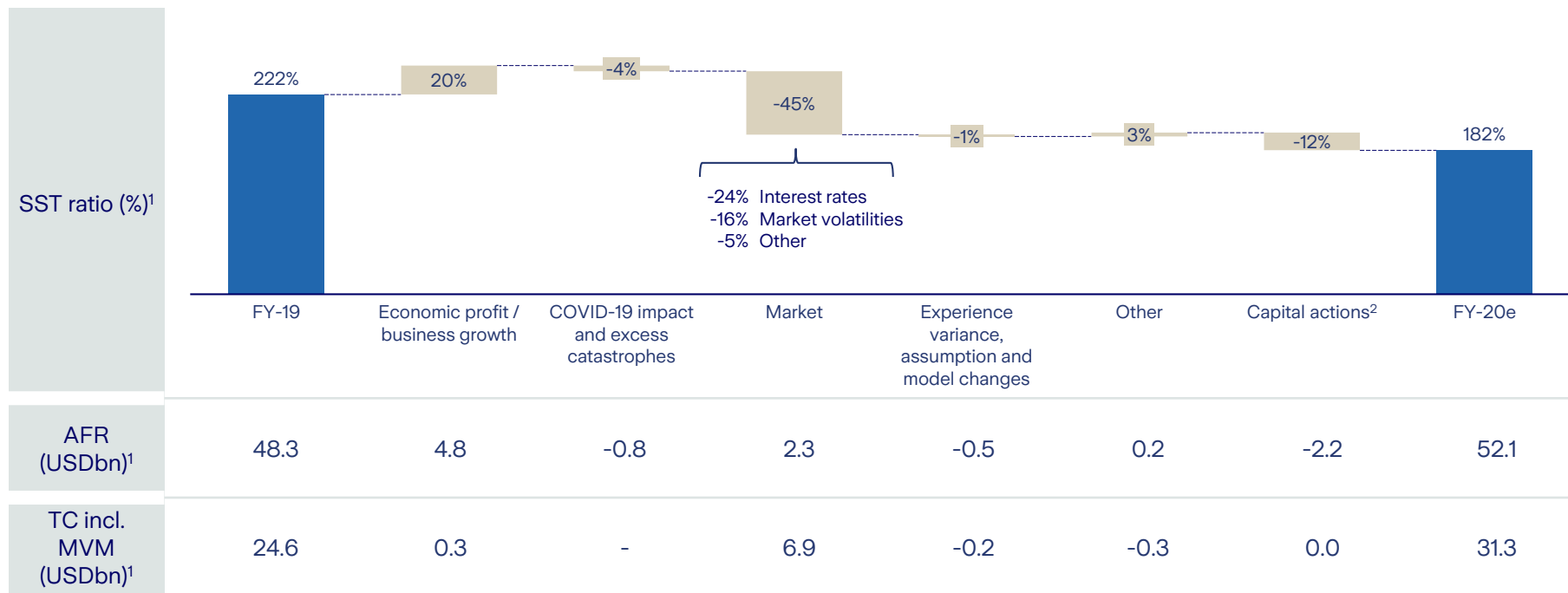
■ Auto ■ Specialty ■ Other
■ Home ■ Business insurance

■ FY-19 ■ FY-20

¹ For all references to Farmers Exchanges see the disclaimer and cautionary statement.



Strong underlying capital generation with SST impacted by movements in key economic variables over the year

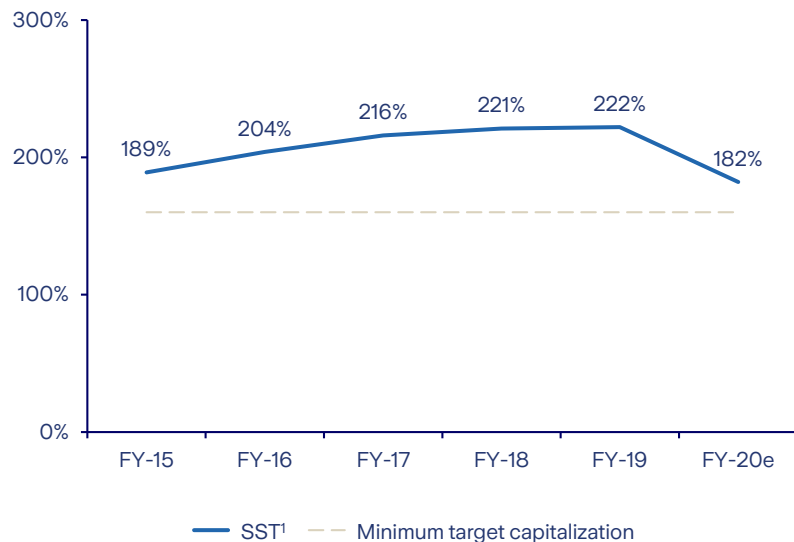


¹ On Swiss Solvency Test (SST) see footnote on page 3. The ratio as of January 1, 2020 has been re-calculated on the same basis for disclosure purposes in order to allow better comparison. SST ratio is defined as: $(AFR - MVM) / (TC - MVM)$. AFR = Available financial resources; TC = Target capital; MVM = Market value margin (FY-20 is USD 5.8bn).

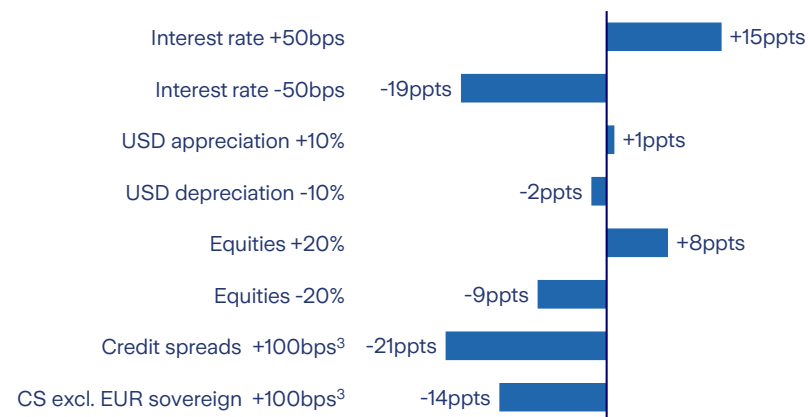
² Capital actions include dividend payment and debt issuances and repayments.

Strong capital position

GROUP SWISS SOLVENCY TEST (%)¹



9M-20 SST SENSITIVITIES IMPACT (ppts)²



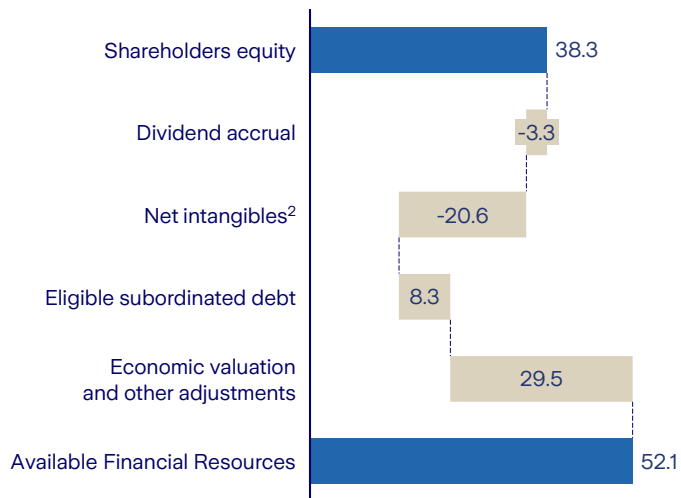
¹ On Swiss Solvency Test (SST) see footnote on page 3. The ratio as of January 1, 2020 has been re-calculated on the same basis for disclosure purposes in order to allow better comparison.

² Sensitivities are best estimates and reflect the impact on the pension plans in the UK. For the interest rate sensitivities shocks are applied to the liquid and the non-liquid part of the yield curve.

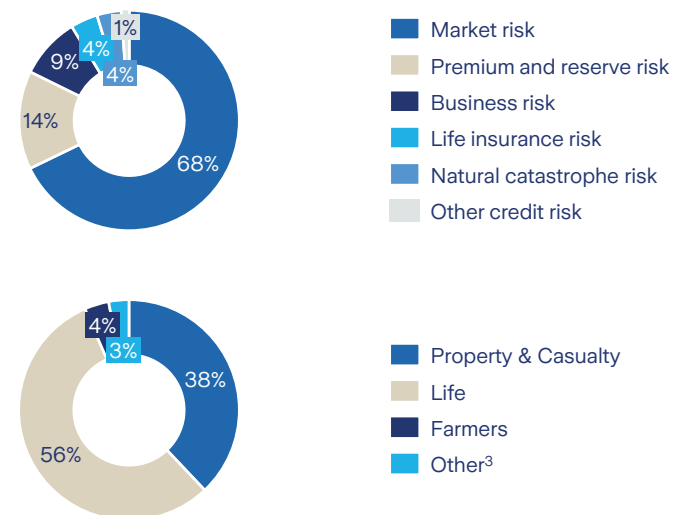
³ Credit Spreads (CS) include mortgages and including/excluding EUR sovereign spreads. CS sensitivities include changes to the volatility adjustment applied to interest rates curves.

Well diversified capital base by risk type

FY-20 AVAILABLE FINANCIAL RESOURCES (USDbn)



FY-20 RISK CAPITAL SPLIT (%)¹



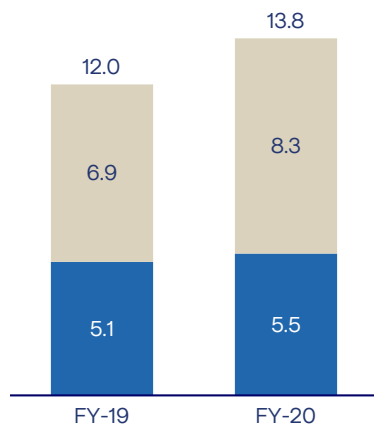
¹ Split is based on the contribution to the aggregated risk, excluding market value margin and other effects on target capital.

² Net intangibles incl. intangible assets and liabilities, gross of non-controlling interests.

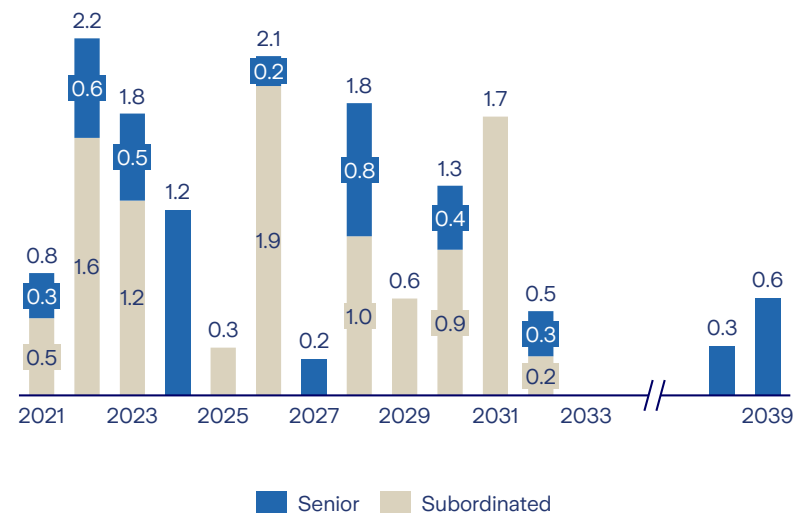
³ Includes Group Functions & Operations and Non-Core Businesses.

Low average debt cost and balanced maturity profile

DEBT (USDbn) AND AVERAGE DEBT COST (%)

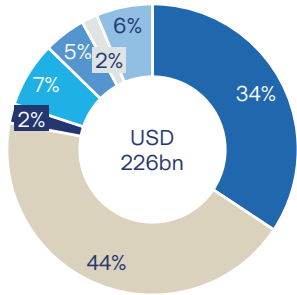


| Average debt cost (%) | FY-19 | FY-20 |
|-----------------------|-------------|-------------|
| Subordinated | 4.6% | 4.2% |
| Senior | 1.4% | 1.5% |
| Total | 3.3% | 3.1% |

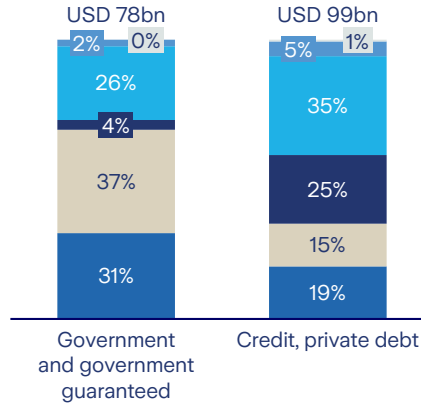
BALANCED REFINANCING NEEDS (USDbn)¹

Conservative investment portfolio with low exposure to industries most stressed by the crisis

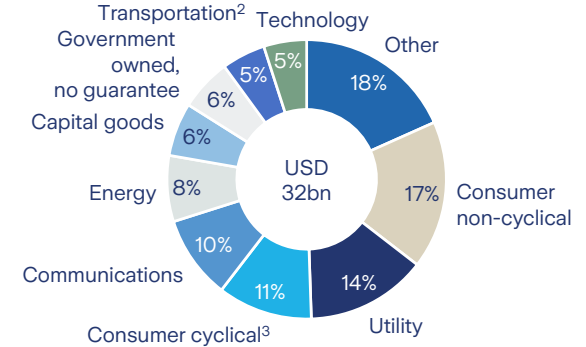
FY-20 GROUP INVESTMENTS (%)¹



FY-20 ASSET QUALITY (%)



FY-20 NON-FINANCIAL CREDIT BY SECTOR (%)

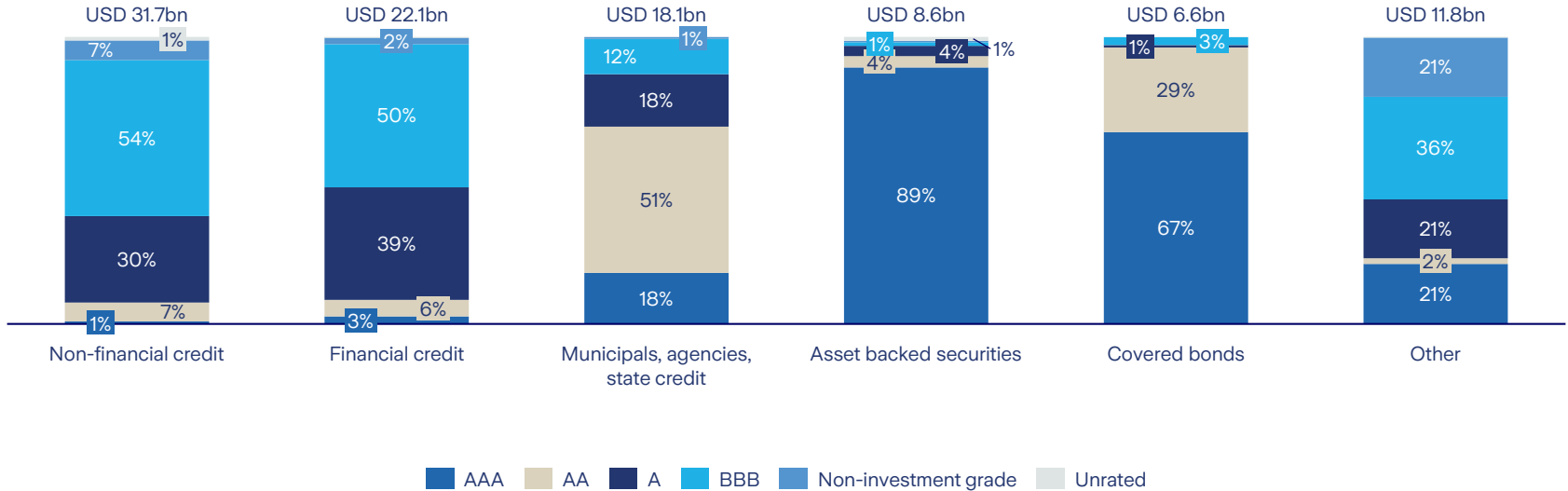


¹ Market value of the investment portfolio (economic view).
² Of which 0.3% for airlines.
³ Of which 0.7% for leisure, restaurants and lodging.

Highly diversified credit and private debt portfolio



FY-20 RATING OF CREDIT, PRIVATE DEBT SECURITIES (%)



Alternative markets in North America reported under Commercial Insurance going forward

OLD DISCLOSURE

| FY-19 P&C overview by customer unit (USDm) ¹ | Commercial Insurance | Retail and Other Insurance |
|---|----------------------|--|
| GWP | 16,279 | 19,419 (of which AM ² : 6,913) |
| NEP | 9,874 | 15,779 (of which AM ² : 4,189) |
| Combined ratio | 98.7% | 93.6% (of which AM ² : 94.2%) |
| BOP | 1,527 | 1,644 (of which AM ² : 430) |

NEW DISCLOSURE

| FY-19 P&C overview by customer unit (USDm) ¹ | Commercial Insurance | Retail and SME Insurance |
|---|----------------------|--------------------------|
| GWP | 23,192 | 12,506 |
| NEP | 14,063 | 11,590 |
| Combined ratio | 97.4% | 93.3% |
| BOP | 1,956 | 1,214 |

¹ Excluding Group Reinsurance and Eliminations.

² North America alternative markets, i.e. captives, crop, direct markets, and programs.

Definition of adjusted P&C combined ratio and like-for-like growth

P&C COMBINED RATIO (%)

| KPI | FY-20 combined ratio | COVID-19 impact ¹ | FY-20 combined ratio excl. COVID-19 ¹ |
|------------------------------------|----------------------|------------------------------|--|
| AY loss ratio (excl. catastrophes) | 59.5% | -1.6% | 61.1% |
| Catastrophes | 8.5% | 3.1% | 5.3% |
| PYD | -1.6% | -0.0% | -1.6% |
| Loss ratio | 66.4% | 1.6% | 64.9% |
| Expense ratio | 32.0% | 0.3% | 31.7% |
| Combined ratio | 98.4% | 1.8% | 96.6% |

LIKE-FOR-LIKE (L-F-L) GROWTH

| KPI | FY-19 (USDm) | | | FY-20 (USDm) | | | | L-F-L (%) |
|---------------------|--------------|-------|--------|--------------|--------|------------------|------------------|-----------|
| | Rep | M&A | Adj | Rep | FX | M&A ² | Adj ² | |
| P&C GWP | 34,184 | 5 | 34,180 | 35,518 | -218 | 273 | 35,464 | 4% |
| Life GWP / deposits | 33,479 | 3,795 | 29,684 | 27,616 | -1,109 | 133 | 28,592 | -4% |
| Life net inflows | 6,320 | 55 | 6,265 | 4,631 | -388 | 53 | 4,965 | -21% |
| Life APE | 4,331 | 248 | 4,084 | 3,625 | -199 | 19 | 3,805 | -7% |
| Life NBV | 976 | 18 | 958 | 788 | -21 | 7 | 802 | -16% |

¹ COVID-19 claims, frequency benefits, premium refunds, and Cover-More operating loss included in underwriting result.

² In constant rates.

Commentary



The Group's results demonstrated a strong performance against a challenging backdrop of the global pandemic, recession and elevated natural catastrophes, with growth in business operating profit returning in the second half of the year. Business operating profit (BOP) of USD 4.2 billion compared with USD 5.3 billion in 2019. The decline in earnings was largely due to COVID-19 related impacts of USD 852 million and USD 588 million of higher catastrophe losses than in the prior year, which were only partially offset by continued improvement in the underlying performance and a strong investment performance from the Group's hedge fund portfolio. Net income after tax attributable to shareholders of USD 3.8 billion declined 8% compared to the prior year with higher levels of capital gains offsetting much of the decline in business operating profit.

The Group has continued to execute on all strategic priorities underlying the Group's customer focused strategy, while adapting to the steadily evolving circumstances.

The Group grew its customer base in 2020 and customer satisfaction, as measured by net promoter scores (NPS), increased across the Group's major retail markets reflecting the Group's rapid and flexible response to the pandemic. This included the prompt payment of claims as well as a wide range of financial relief measures and the provision of risk-management advice. The Group's proactive response to protect employees throughout the pandemic also led to record levels of employee satisfaction.

The Group continued to implement its digital strategy which aims to meet customer expectations for improved convenience and flexible solutions, while also improving efficiency. This included the roll out of additional digital tools and offerings for agents and customers, while also launching the first product offering of the newly established Global Business Platforms unit. The Group also continued to develop its successful distribution partnership strategy with the extension of the distribution agreement with Deutsche Bank in Germany as well as concluding several other agreements with distribution partners. The strength of the Group's balance sheet allowed the Group to take advantage of acquisition opportunities to further strengthen the Farmers business through the acquisition of MetLife's U.S. P&C business which will add further stable fee-based earnings to the Group through Farmers Management Services over the coming years.



The impact of the COVID-19 outbreak has remained an earnings event. P&C claims net of reinsurance and related frequency reductions were USD 450m for the full year, in-line with the level indicated with the first half results. Including the impact on Life, Farmers and other parts of the Group, the overall impact from COVID-19 was USD 852m for the year. The Group's results were also impacted by a range of other effects including reduced revenue growth, lower reinvestment rates and foreign exchange movements linked to economic developments following the outbreak which have not been included.

Property & casualty (P&C) saw further strong improvement over 2020. Gross written premiums grew 4% on a like-for-like basis driven by growth in commercial insurance of 7%, while retail business remained broadly stable. Prices increased over the year, with all regions showing an improvement driven by commercial insurance. The accident year combined ratio excluding catastrophes improved by 2.6 percentage points after adjusting for the distorting effects of COVID-19. Following the improvements to the commercial portfolio during 2016-2019, the group is well placed to benefit further from the continuation of the strong pricing trends which are expected to continue into 2021.

The Group's life business returned to growth in the second half of the year with full year BOP adjusted for COVID-19 related impacts up 7% following the recovery in financial markets over the second half and improved performance within the Australian life business. The second half also saw an improved performance at Farmers Management Services, with BOP on a similar level to the second half of 2019, while higher mortality led to a reduction in earnings at Farmers Life.

The Group's balance sheet is strong. The Group's Swiss Solvency Test (SST) ratio based on standard yield curves as allowed by the Swiss Financial Market Supervisory Authority FINMA was estimated at 182% as of December 31, in-line with the Group's revised target for capital management. The Z-ECM is estimated to be in the upper half of the 100-120% range. The Group retains an AA- rating with positive outlook from Standard and Poor's. Cash remittances of USD 3.4bn for the year were in-line with prior year.

For 2020, the Group proposes to pay a stable dividend of CHF 20 per share.

Page 4: Key highlights – Actions during the crisis have earned the trust and confidence of our stakeholders, while our ESG approach is well recognized

Post the outbreak of COVID-19 around the world the Group's priorities have been to protect employees while supporting customers and the communities in which it operates.

During the year the Group contributed in excess of USD 100m to support customers through premium refunds, payment holidays and other forms of support, while the Farmers Exchanges provided in excess of USD 300m of premium credits to motor insurance and SME customers. In addition to direct financial support given to customers, the Group has supported customers adapt their businesses to the changed situation, while the Group's Zurich Foundation continued to support local initiatives and charities around the world.

Together with the continued execution of the Group's customer focused strategy this led to further improvement in the level of customer satisfaction in the Group's larger retail markets as measured by the net promoter score.

In order to protect employees, the Group implemented widespread working from home through much of 2020. Throughout this significant change the Group continued to operate without interruption. The support provided was reflected in record employee net promoter scores.

In line with the Group's stated ambition to be known as one of the most responsible and impactful businesses in the world, the Group continued to progress its environmental, social and governance (ESG) strategy with a range of initiatives including new services to support customers with the transition to a low carbon economy as well as initiatives to provide employees with the skills to manage a changing work environment.

The Group also launched the Zurich Forest, a program sponsoring the not for profit organization Instituto Terra to plant one million seedlings on 1,730 acres in Brazils Atlantic Forest to restore biodiversity in an area that had seen deforestation. In recognition of the delivery of the Group's ESG strategy, Zurich was recognized as the number one insurer in the Dow Jones Sustainability Indices, while retaining leading ratings from a range of other ESG focused organizations.

Page 5: Key highlights – We are executing on our customer focused strategy and have continued executing on strategic priorities

During the year, the Group continued to develop its successful bancassurance and distribution partnership strategy. The long-standing agreement with Deutsche Bank was extended until 2032 and broadened to cover customers of Deutsche's subsidiary PostBank as well as concluding several other agreements with distribution partners.

The Group continued to digitalize the business to meet the expectations of customers for improved convenience and flexible digital solutions while increasing efficiency. Initiatives during the year included the further enhancement of digital tools for agents across the Group, the rollout in additional markets of digital claims solutions such as virtual claims assessments via smartphone and remote risk assessments by the Group's risk engineers. In order to support the further development of digital services the Group announced the establishment of Global Business Platforms, while appointing Ericson Chan to the Group Executive Committee as Group Chief Information and Digital Officer. 2020 also saw the Group launch a range of new innovative propositions including Climate Change Resilience Services, which aims to support customers' climate transition; and LiveWell, a global platform providing health and wellbeing services.

Through the strength of the Group's balance sheet, the Group was also able to take advantage of market opportunities to further strengthen key businesses. In December, the Group announced the acquisition by Farmers of MetLife's U.S. P&C business. This transaction will further strengthen the Farmers Exchanges footprint and distribution capabilities and is expected to lead to a further increase in stable fee-based earnings for the Group.

Page 6: Key highlights – Significant improvement in second half of the year

The second half of the year saw a recovery across the Group's business with business operating profits returning to growth despite continued elevated catastrophe losses and ongoing effects from the COVID-19 outbreak with the improvement driven by the P&C and life businesses which grew 9% and 10% in the second half of the year.

The development was supported by a recovery in top-line growth with P&C GWP growing 6% in the second half of the year, while life APE sales were only slightly below the prior year level compared to a 25% decline in the first half of the year. At Farmers the Managed Gross Earned Premium Margin returned to a more normal level of 7% from the first half's 6.6% which was impacted by customer rebates for which expenses had already been incurred with a reduced decline in gross written premiums.

The Group's accident year combined ratio ex-catastrophes and adjusting for the distorting impact of COVID-19 improved by 4.4 percentage points in the second half of the year compared to the prior year period, reflecting the earn through of recent price increases into results. The first half year showed a reduction of 0.7 percentage points. Compared to the first half of the year the ratio of the second half was 1.7 percentage points lower.

Page 7: Key highlights – We have adapted plans to the changed environment and expect to meet our 2020 – 2022 targets

The Group reacted quickly to adapt its plans to reflect the changed macro-economic conditions brought on by the global pandemic and continues to expect to meet the targets for the 2020-2022 period as outlined at the 2019 investor day.

The more favorable commercial insurance pricing environment over 2020 and the anticipated continuation of this through 2021 is expected to have a more positive impact on the development of the business operating profit after tax ROE than previously indicated.

Offsetting this favorable development are a reduced benefit from growth in the business and associated productivity together with an increase in the headwind from the fall in investment yields.

Page 8: Key highlights – A leading global commercial insurer with strong growth, improved pricing and terms and conditions



Zurich ranks among the leading global commercial P&C insurers. The reshaping and improvement in profitability of the Group's commercial insurance portfolio over 2016-19, positioned the Group well to take advantage of the current significant improvement in global commercial lines pricing.

In FY-20, Commercial Insurance, which represents 66% of the Group's P&C gross written premiums, continued to see growth. Gross written premiums increased 7% on a like-for-like basis adjusted for currency movements and acquisitions and disposals. Growth was driven by strong rate increases which were partially offset by reduced exposures and non-renewed business as the Group continued focus on portfolio quality and customers actively managed their insurance spend.

In North America rate increases in commercial insurance were up 17% in the full year, with most lines of business seeing significant increases with the principal exception of workers compensation, where rate increases turned moderately positive after several years of slight declines. In Europe, Middle East and Africa (EMEA) price increases also saw an acceleration during the year in commercial insurance as price increases continued to broaden out across the region having been led by the UK. In Asia Pacific and Latin America commercial insurance rates also accelerated throughout the year, with rate increases of 12% and 8% respectively in the year.

Aside from the broadening out of pricing, the market for commercial insurance has accepted further tightening of terms and conditions across much of the business.

Page 9: Key highlights – Retail business has been resilient with GWP recovering in the second half but travel business faces a slow recovery

The Group's retail and SME business, which represents 34% of P&C gross written premiums, remained resilient throughout the year, with gross written premiums down 2% on a like-for-like basis adjusted for currency movements and acquisitions and disposals, with growth recovering in the second half of the year. The decline was entirely driven by the travel insurance business in Asia-Pacific and extended warranty in Latin America. Excluding these, retail and SME gross written premiums were up 2% year on year. Within the Group's retail and SME business rates saw a 1% increase.

Investments in fully digitizing the Group's agents yielded results with businesses such as the Group's Swiss retail business seeing growth throughout the year, while more pure digital businesses such as the Group's Japanese direct motor business saw strong growth driven by customers growing preference for fully digital solutions. In response to these trends the Group is further accelerating its investment in digitalizing the Group's operations.

In contrast Cover-More, the Group's specialist travel and assistance provider, saw a sharp decline in sales starting from March as a result of widespread travel restrictions which were imposed to counter the COVID-19 outbreak. In light of the expected slow recovery in demand for travel insurance, the Group is actively managing costs of the Cover-More business, while positioning the company for longer term recovery by increasing the focus on digital and assistance services.

Page 10: Key highlights – Life business well positioned with limited exposure to traditional saving business



The Group's long-term strategy of focusing on protection and capital light savings business, continues to position the Group's life business well for the prevailing low yield environment.

In 2020, the protection, unit-linked or corporate savings business accounted for 88% of the new business. Only 12% of the Group's new sales related to traditional guaranteed business where the low level of risk-free yields poses significant challenges to profitability.

Page 11: Key highlights – Stable dividend proposal and on track to meet 2022 targets

2020 was an unprecedented year with high market volatility and uncertainty, the impact of the COVID-19 pandemic, a global recession, and elevated levels of catastrophe losses. Against this backdrop, the Group showed a resilient performance with the Group's balance sheet remaining strong, underlying earnings improvement and continued high conversion of earnings into distributable cash.

Considering all these aspects, the Board proposal to the annual general meeting in 2021 is to pay a dividend of CHF 20 for the year 2020. This translates into a payout ratio of 88%.

The Group is on track to meet the 2020-2022 financial targets. As previously announced with the 9M-20 results, these were updated to reflect the change from Z-ECM to the Swiss Solvency Test for defining the Group's target capital levels. All other targets remain unchanged, with these being:

- A BOPAT ROE in excess of 14%
- Cumulative cash remittances over 2020-2022 of at least USD 11.5bn
- Earnings per share growth in excess of 5% per annum
- The Group's SST target capital ratio of 160% or above. From Q4 2020 the basis for the Group's target capital has been changed to the Swiss Solvency Test from previously the Group's internal Z-ECM basis.

Page 12: Key highlights – Well positioned for future success



The Group's balanced and diverse global business coupled with its strong, conservatively managed balance sheet and high levels of liquidity provide a strong platform from which to drive growth through the Group's customer focused strategy, while adhering to the Group's goal to be one of the most responsible and impactful businesses.

As indicated previously the overall impact of the COVID-19 outbreak has remained an earnings event for the Group.

The overall net impact on the P&C underwriting result is USD 450m after considering claims and offsetting frequency benefits as well as premium returns and voluntary actions to support customers during the outbreak.

In addition, COVID-19 led to the following additional impacts outside of P&C underwriting;

- P&C: USD 94 million of losses related to mainly Cover-More and some other P&C impacts. Cover-More is impacted by the sharp reduction in sales as a result of widespread travel restrictions imposed to counter the COVID-19 outbreak. The majority of which is included in the net non-technical result, with a small portion within the underwriting result of APAC.
- Life: USD 117 million of life mortality and disability claims and voluntary actions. Financial market volatility led to an overall impact of USD 57 million, split equally between accelerated amortization of deferred acquisition costs and lower unit-linked fees.
- Farmers: Farmers Management Services recorded a USD 39m impact as a result of reduced fees related to the granting of premium refunds to personal auto and SME customers of the Farmers Exchanges, with no offsetting benefit in terms of costs within FMS. Business operating profit of Farmers Life includes USD 45m of higher mortality related to COVID-19 in the second half of the year and USD 6m relating to an accelerated amortization of deferred acquisition costs.
- Non-core: Financial market movements resulted in a USD 45m impact recognized within the Non-core segment in relation to a book of legacy life liabilities.

In addition to these items, the outbreak has had an adverse impact on top-line growth across all businesses and geographies, while also leading to other second order impacts such as adverse currency movements particularly in Latin America and generally lower reinvestment yields. Given the difficulties of attributing the specific movements in these items directly to COVID-19, these have not been included within the estimated impact on the Group's earnings from COVID-19.

Overall Group business operating profit recovered strongly over the second half of the year, with BOP in the second half of the year growing 2.1% to leave full year business operating profit 20% below the prior year level as a result of the impact of COVID-19, higher claims from natural catastrophes and adverse FX developments.

EMEA, which saw the greatest net impact from COVID-19, declined 21%. BOP in North America saw a decline of 11%, with both Zurich North America and Farmers contributing to the decline, with this due in part to COVID-19 effects but also as a result of elevated levels of catastrophe losses.

The Group's Asia Pacific business saw a 28% decline in earnings, in part due to losses incurred at Cover-More following the cessation of international travel which impacted demand for travel insurance, weaker underwriting within the Australian P&C business and assumption changes in the Japanese life business, which were only partially compensated by improved performance in the Australian life business.

Earnings in Latin America were less impacted by COVID-19, with the 10% decline in earnings primarily driven by adverse FX movements. At constant exchange rates, the Latin American business grew 16% with growth in both P&C and life.

By business, P&C earnings declined 28% reflecting mainly the impact of COVID-19 net of frequency benefits and higher levels of catastrophe losses, while Life and Farmers declined 4% and 12% respectively largely due to items related to COVID-19.

Net income attributable to shareholders (NIAS) fell 8% in the year, driven by the decline in BOP which was compensated primarily by higher realized capital gains on equities and real estate, a positive gain on disposal compared to a loss in the prior year, and lower restructuring and exceptional charges.

The effective tax rate was 23.9% up from 22.5% in the prior year. The increase was driven by a less favorable geographic mix of earnings together with the absence of a one-time favorable benefit in the prior year from Swiss tax reforms.

P&C: The Group expects further hardening of pricing over 2021 with price increases expected to remain ahead of loss cost inflation over the year. Based on FX rates as at the end of January 2021 this is expected to lead to mid-single digit growth in net earned premium over the year.

Continued low reinvestment rates are expected to lead to further erosion of P&C investment income excluding fair value gains on hedge-funds, with the decline in 2021 expected to be in the region of USD 50-100m.

The P&C net non-technical loss, which also includes around two thirds of Cover-More's earnings, is expected to remain elevated in 2021 at around USD 250m.

Life: Mortality related to COVID-19 expected to remain elevated in first half of the year across both the Zurich and Farmers life businesses. Subject to market developments and based on FX rates as at the end of January 2021, life BOP excluding Farmers is expected to grow in a mid to high single digit range in 2021.

Farmers: Gross written premium development at the Farmers Exchanges before the inclusion of MetLife's US P&C business is expected to be in the mid-single digits, while on the same basis the Managed Gross Earned Premium margin of Farmers Management Services (FMS) is expected to recover to around 7%.

Group Functions and Operations: The Group functions are expected to show a run rate loss of around USD 750-800m per annum.

Restructuring charges: For 2021, restructuring charges and other costs recognized outside of BOP are expected to be around USD 300 million including restructuring charges related to the acquisition of MetLife's U.S. P&C business as outlined at the time of the announcement of the acquisition.

Tax: Based on current global tax rates, the Group effective tax rate for 2021 is expected to be in the range of 24-25%.

Gross written premiums in Property & Casualty (P&C) for 2020 increased 4% in U.S. dollars and on a like-for-like basis, after adjusting for currency movements and closed acquisitions and disposals. Growth was driven by EMEA and North America.

Growth was supported by higher premium rates in commercial insurance, which accelerated during the year across all regions and are expected to remain strong over 2021.

Net earned premiums for the year were up 2% on a like-for-like basis and 3% in U.S. dollars, with growth lagging gross premiums due to the earn through of premium rates.

In EMEA, gross written premiums increased 6% on a like-for-like basis. Growth was primarily driven by commercial insurance with growth across all major markets and benefiting from rate increases as well as improved retention. Retail gross written premiums increased modestly year on year, benefiting from a recovery of sales in the second half.

North America grew 5% compared to the previous year on a like-for-like basis, with growth driven mainly by rate increases. Growth was driven by strong rate increases which were partially offset by reduced exposures and non-renewed business as the Group continued focus on portfolio quality and customers actively managed their insurance spend.

In Asia Pacific, gross written premiums decreased 11% on a like-for-like basis, with growth in Japan offset by the reduction in travel insurance sales as a result of the COVID-19 outbreak.

Gross written premiums declined 2% on a like-for-like basis in Latin America, with lockdown measures and reduced economic activity impacting sales in the extended warranty business.

FY-20 P&C BOP was USD 2,080 million, 28% lower than in the previous year. The decline was mainly driven by the impact of the COVID-19 outbreak, higher catastrophe losses than in the previous year, as well as a lower investment result.

The overall impact of the COVID-19 outbreak on P&C was USD 544 million. This includes USD 450 million of claims, net of frequency benefits and premium refunds, as well as USD 79 million of operating loss incurred by Cover-More, the majority of which is booked in the net non-technical result, and USD 15 million of additional impacts such as voluntary contributions to solidarity funds.

The year also saw an elevated level of catastrophe losses. This was due to an active Atlantic storm season with hurricanes Hanna, Isaias, Laura and Sally making landfall in the United States, a series of other weather events in both North America and Europe, as well as claims resulting from civil unrest in the United States. Overall catastrophe losses were USD 491 million above normal levels based on an assumed 3.5 percentage points of catastrophes within the loss ratio.

Investment income was USD 220 million below prior year, with reductions primarily in EMEA and North America, driven by lower investment yields and adverse currency movements in Latin America. The Group's hedge fund portfolio performed strongly leading to realized capital gains of USD 305 million which were USD 94 million higher than in the previous year.

The net non-technical loss of USD 302 million was USD 171 million worse than in the previous year. The deterioration was driven by USD 46 million of non-technical loss in Cover-More, USD 17 million of contributions to solidarity funds, USD 35 million of non-recurring charges in EMEA, and lower income from cash and cash equivalents.

The FY-20 combined ratio of 98.4% was 2 percentage points higher than in the prior year period. The deterioration was entirely driven by COVID-19 claims and higher catastrophes, while underlying performance improved by 2.6 percentage points.

The accident year loss ratio excluding catastrophes improved by 3.8 percentage points compared to FY-19, with the reduction due to continued underlying improvement and the temporary impact of lower claims frequency, especially in motor, associated with the COVID-19 outbreak and related restrictions implemented by governments.

Catastrophe and weather-related losses totaled 8.5% in the full year, or 5.3% excluding the USD 821 million of COVID-19 claims. This compares to a normal expectation of around 3.5% on an annual basis.

Prior year development of 1.6% was in the middle of the indicated 1-2% range. Overall, the Group's reserve strength remained stable over the year. The expense ratio of 32.0% was in line with the previous year, with underlying improvement dampened by the volume impact of premium refunds related to the COVID-19 outbreak.

Page 21: P&C – Combined ratio by segment and customer unit

In EMEA, the accident year combined ratio ex-catastrophes improved by 1.5 percentage points after removing the impact of COVID-19 related frequency benefits and voluntary actions to support customers during the outbreak.

In North America, the accident year combined ratio ex-catastrophes, excluding the above mentioned COVID-19 impacts, improved strongly to 89.0% driven by a lower loss ratio benefitting from the earn through of rate increases. Crop insurance accident year ex-catastrophes combined ratio improved compared to FY-19 to 100.0%, however remained above the normal expectation of around 95% due to a combination of prevented planting in North Dakota and South Dakota, wildfires, hurricanes and other weather events. Normalizing for crop performance in both years, North America accident year combined ratio ex-catastrophes improved by 4.8 percentage points in FY-20, after removing COVID-19 impacts.

The Asia Pacific accident year combined ratio ex-catastrophes and excluding COVID-19 impacts was 94.4%, 0.4 percentage points below prior year, with the improvement driven by commission ratio reflecting reduced travel insurance volumes.

In Latin America, the accident year combined ratio ex-catastrophes and excluding COVID-19 impacts was 98.2%, broadly in line with the previous year. Starting from HY-20 the Group's Commercial insurance customer unit includes the North American alternative markets business, which was previously reported within Retail and other, with this unit renamed as Retail and SME. North American alternative markets include businesses such as captives, programs, crop, and direct markets which by nature are closer to commercial.

Commercial insurance delivered a strong performance with the accident year combined ratio excluding catastrophes and COVID-19 impacts improving by 4.6 percentage points, primarily due to North America.

For the Retail and SME business, the accident year combined ratio excluding catastrophes and COVID-19 impacts was 93.7% for FY-20, broadly in line with the previous year.

Investment income was USD 220 million below prior year primarily due to lower investment yields. Realized capital gains of USD 305 million were USD 94 million above the 2019 result mainly driven by a strong hedge funds performance in the second half of the year.

The book yield for debt securities reduced by 27bps to 2.5% while reinvestment rates on debt securities further decreased to 1.6% in 2020. The gap between book yield and reinvestment rate for debt securities increased from 41bps to 91bps throughout the year mainly as a result of reductions in yields across the Group's major geographies.

Page 23: Life – Business operating profit



Life BOP for FY-20 was USD 1,423m, 4% below the prior year. Excluding COVID-19 effects of USD 173m life BOP grew 7% despite adverse movements in exchange rates and lower contributions from favorable one-off items mainly in EMEA. As anticipated at the time of the half year results, Life BOP saw a recovery in the second half of the year driven mainly by APAC and EMEA.

In EMEA, FY-20 BOP was impacted by the COVID-19 outbreak, mainly in the UK and to a lesser extent in Switzerland and Zurich International. On a reported basis BOP decreased by 9% compared to the prior year. Adjusted for COVID-19, BOP was up 6% mainly driven by Switzerland and the joint venture with Banco Sabadell in Spain.

In Latin America, BOP decreased 19% on a reported basis and was up 4% in local currency, mainly driven by favorable results in Chile and Argentina partially offset by higher COVID-19 claims in Zurich Santander.

Asia Pacific contributed a BOP of USD 269m, up 32% vs the prior year. The performance in the second half improved significantly with BOP up USD 101m in the second half of the year compared to the prior year, mainly driven by improved performance within the Australian life business.

In North America, which excludes Farmers Life, business operating earnings increased by USD 17m due to favorable claims experience more than offsetting the absence of a favorable one-off item in the prior year.



Page 24: Life – Business operating profit by source of earnings

The Group's life business continued to be driven by stable income streams on a sources-of-earnings view, with 89% of income coming from loadings and fees together with technical margins.

Viewed by margin and excluding the impact from COVID-19, loadings and fees increased 1% in 2020 compared to the prior year mainly driven by the inclusion of a full year contribution of OnePath Life in Australia. Growth in the other regions was offset by adverse exchange rate movements especially in Latin America.

The investment margin decreased 17% mainly driven by higher policyholder sharing and lower investment income in Germany compared to the prior year.

The technical margin declined 5% on a reported basis driven by higher mortality claims mainly in the UK. Excluding the COVID-19 impact the technical margin increased 6% mainly driven by favorable results among various countries in EMEA and Latin America.

On the expense side, operating costs excluding the COVID-19 impact increased by 4%, reflecting mainly the inclusion of OnePath Life in Australia. Excluding the COVID-19 impact, acquisition costs net of deferrals improved by 8%, mainly driven by a lower level of acquisition costs.

Page 25: Life – Premiums, net inflows and assets under management

In the Group's Life business, gross written premiums and deposits were down 18% in FY-20 compared to FY-19 on a reported basis, and down 4% on a like-for-like basis, adjusting for currency movements, acquisitions and disposals. All regions saw growth on a like-for-like basis with the exception of EMEA.

Net inflows of USD 4.3bn were USD 2.0bn lower than in the prior year. On a like-for-like basis net inflows were down USD 1.3bn, mainly driven by EMEA, which benefitted from one-time inflows in Switzerland in 2019.

Assets under management (AuM) increased 10%. Net inflows contributed around 2% to this growth, with currency and market movements contributing the balance.

In 2020, Life new business annual premium equivalent (APE) sales decreased 7% on a like-for-like basis, adjusting for currency movements, acquisitions and disposals. The decline in sales was largely driven by government-imposed restrictions related to the COVID-19 outbreak and expected reductions in several markets from exceptional levels in 2019. On a reported basis APE was 16% lower.

In EMEA APE sales in 2020 decreased by 12% on a like-for-like basis compared with 2019. The decline was mainly driven by a reduction in corporate pensions business in Switzerland following exceptional sales in the previous year, and by lower savings business in Italy, Portugal and for the joint venture with Banco Sabadell in Spain, partly as a result of the COVID-19 lockdowns throughout the year. APE sales saw a recovery over the second half of the year.

APE sales in Latin America increased 8% on a like-for-like basis, following a strong second half performance with APE growth of 16%. Higher sales of unit-linked and individual protection business at Zurich Santander were partly offset by lower sales volumes in Chile and corporate protection business across the region.

In Asia Pacific APE sales decreased 21% on a like-for-like basis, reflecting lower sales volumes in Japan, Malaysia and Indonesia, mainly driven by the outbreak of COVID-19.

In North America APE sales were 8% lower than in the prior year due to reduced sales of corporate protection business in the first quarter and lower individual protection sales in the fourth quarter.

The new business margin remained on an attractive level at 25.1% as reported or 24.9% on a like-for-like basis. New business value (NBV) decreased 16% on a like-for-like basis, driven by lower new business volumes, unfavorable economic assumption changes due to lower yields in EMEA and operating assumption changes impacting mainly Australia and Japan. On a reported basis NBV declined 19%.

The Group continues to focus on protection, unit-linked and corporate savings business, with these products accounting for 88% of APE sales. Protection business contributed 80% of the overall NBV.

Life investment result, which is gross of policyholder sharing, decreased by 15% to USD 3.2bn in U.S. dollars, driven mainly by lower realized capital gains in the first half of the year compared with 2019.

Gross written premiums at the Farmers Exchanges decreased 3%. Excluding USD 311m of COVID-19 related premium credits and lower volumes of commercial rideshare business following measures initiated by U.S. states in response to the COVID-19 outbreak, gross written premiums were broadly flat.

Key customer metrics remained strong as a result of the Farmers Exchanges' customer focused strategy, with a further increase in Net Promoter Score, while retention was stable compared with the prior year.

The combined ratio of the Farmers Exchanges increased 0.7 percentage points to 100.7% mainly driven by a 3.7 percentage points increase in catastrophe losses partially offset by higher frequency benefits.

The strong performance of financial markets over the second half of the year led to an increase in surplus of the Farmers Exchanges to a modern-day record high of USD 6.2bn with the surplus ratio increasing 1.8 percentage points to 43.3%.

Farmers Management Services (FMS) BOP decreased 6% compared to the prior year. This was mainly driven by reduced fee revenues as a result of USD 311m of premium credits to customers at the Farmers Exchanges in the first half of the year. As a result, the managed gross earned premium margin for the year was 6.8%, with the second half having returned to the usual level of 7%.

The result was also impacted by lower investment income as a result of decreasing investment yields and an unfavorable mark to market impact on a deferred compensation plan compared with a favorable impact in the prior year.

Farmers Life BOP of USD 100m was 58% lower than in the prior year. The result was mainly driven by higher mortality compared with a favorable experience in the prior year and annual assumption updates. This includes USD 45m of claims related to COVID-19 and USD 6m relating to an accelerated amortization of deferred acquisition costs. Mortality experience saw a sharp deterioration over December 2020 which has continued into the first weeks of 2021.

Farmers Life new business APE was 9% lower than in the prior-year period, while new business value increased 31% mainly driven by lower swap rates. Farmers Re BOP of USD 26m was USD 11m higher than in the prior year driven by an improved loss ratio.

Page 31: Group Functions and Operations & Non-Core Businesses – BOP

The business operating loss reported under Group Functions and Operations improved by USD 7 million to USD 709 million. This was driven by a USD 96 million reduction in Holding and Financing costs due to lower interest expenses, partially offset by an increase in headquarter expenses compared to the prior year as a result of increased investments in innovative new business propositions, and cyber security.

The Group's Non-Core Businesses, which comprises run-off portfolios that are managed with the intention of proactively reducing risk and releasing capital, reported an operating loss of USD 54m driven by adverse developments in a legacy life portfolio as a result of the COVID-19 outbreak.

Following improvements to the quarterly estimation process for the SST ratio, the Group revised its Q3 estimate of the SST ratio from 193% to 185%. Other capital metrics were not impacted by this change. Z-ECM at December 31 is estimated at 115%, an increase from the Q3-20 figure of 110%. As of December 31, the Group's Swiss Solvency Test (SST) ratio based on standard yield curves as allowed by the Swiss Financial Market Supervisory Authority FINMA was estimated at 182%, in-line with the Group's revised target for capital management.

During the fourth quarter, the ratio benefited from operational capital generation of 6 percentage points and 7 percentage points from favorable financial markets primarily as a result of tightening credit spreads and positive equity market development. These positive impacts were more than offset by increased capital consumption in anticipation of higher expected growth over 2021 of 3 points, experience variances and assumption changes of 6 points, and 3 points related to capital actions including the accrual of the Group's dividend and some other items.

Slide 41 shows the development of the SST for the full year 2020. Over the year, the Group's SST ratio reduced by 40 percentage points. Underlying operating capital generation net of incremental capital for growth equated to 20 points in the year was partially offset by 4 points of COVID impact and higher than normal levels of natural catastrophes. Market movements led to a 45 points reduction in the ratio reflecting 24 points from lower yield curves, and 16 points from higher interest rate and equity volatility. Capital actions including hybrid issuances and the accrual of the FY-20 dividend further reduced the SST ratio by 12 points in the year.

Page 33: Group – Solvency target



As indicated with the nine-month results, the Group will report solely on SST going forward and has introduced a new target capital on this basis. Over time the relationship between the Group's Swiss Solvency Test ratio and the previously reported Z-ECM ratio has varied in a range of 1.6x to 1.8x. As a result, the previous Z-ECM based target of 100-120% is replaced by a revised target of "160% or above" based on the SST. The SST is in general more conservative than Solvency II as used by peers in the European Union. For the Group's business in the European union it is estimated that the Solvency II ratio would be around 90 percentage points higher than the SST ratio for the same units.



Shareholders' equity increased by USD 3.3bn mainly driven by an increase of USD 1.8bn in net unrealized gains and net income of USD 3.8bn partly offset by the payment of the Group dividend of USD 3.1bn in the second quarter. Other items including foreign currency translation adjustments contributed a further USD 0.7bn to shareholders' equity for FY-20.

The structure of the Group's capital remained stable over 2020.

During 2020, the Group continued to successfully convert earnings into distributable cash with overall Group remittances of USD 3.4bn on the same level as in the prior year level and equivalent to 90% of net income attributable to shareholders, slightly above the Group guidance of 85%.

During the year the level of remittances was driven both by operational earnings and remittances of excess capital that had built up over time from previously retained earnings in certain business units. Cash remittances from P&C were at a similar level to the previous year reflecting the remittance of excess capital from North America which offset impacts from COVID-19. Smaller variances in other businesses offset each other.

In line with the stated dividend policy to pay a dividend of ~75% of net income subject to a floor of the prior year level, the Board proposal to the AGM is to pay a stable dividend of CHF 20 per share, with the dividend paid fully out of available earnings.

For further information

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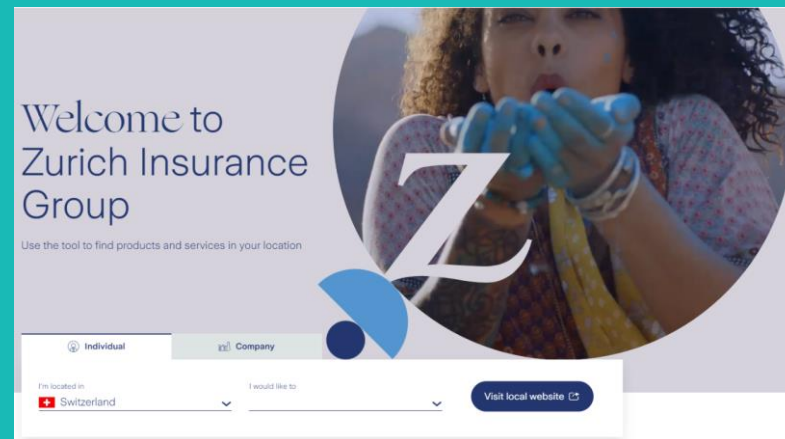
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UPCOMING EVENTS

- April 7, 2021, Annual General Meeting 2021
- March 16-18, 2021, Morgan Stanley European Financials Conference 2021
- March 29-30, 2021, HSBC U.S. West Coast Financials Conference 2021
- May 12, 2021, Update for the three months ended March 31, 2021
- August 12, 2021, Half year results 2021
- November 11, 2021, Update for the nine months ended September 30, 2021
- November 18, 2021, Investor Day, Zurich