150 years | ZURICH

Financial overview

Annual results 2021

Zurich Insurance Group

Message from our Group Chief Financial Officer

Excellent results.

> The Group has delivered the strongest performance in recent times, with all units contributing to underlying improvement in earnings. This demonstrates the success of the Group's strategy and positions us well for continued growth and provides confidence to meet or exceed the Group's 2022 targets.

George Quinn
Group Chief Financial Officer

Full-year 2021 results demonstrated a strong performance with a reported business operating profit (BOP) of USD 5.7 billion compared with USD 4.2 billion in 2020. Growth was driven by an underlying improvement across all businesses and reduced claims from COVID-19. Net income attributable to shareholders amounted to USD 5.2 billion and a dividend of CHF 22 has been proposed.

Executing on strategic priorities

The delivery of the strongest BOP performance since 2007 demonstrates the strength of the Group's franchise and the benefits of repositioning the business in recent years. During the year, the Group continued to advance its customer-focused strategy, reflected in increased customer satisfaction and strong net customer growth. The Group further extended its customer reach through incremental distribution partnerships. At the same time, it's looking for opportunities to optimize its capital allocation through the sale of the Italian life back book and the continued focus on growing capital-light products.

2020–2022 financial targets

Target: >14.0%
BOPAT ROE[1]
14.0%
FY 2021

Target: >USD 11.5bn
Cumulative cash remittances
USD 7.8bn
As of FY 2021

SST solvency target: 160% or above
Estimated SST ratio[2]
212%
FY 2021

Target: >5% p.a.
Earnings per share growth in CHF
7%
Compound annual growth rate (CAGR) FY-2021 versus FY-2019

1 Business operating profit after tax return on equity, excluding unrealized gains and losses.
2 Estimated Swiss Solvency Test (SST) ratio, calculated based on the Group's internal model 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.

Message from our Group Chief Financial Officer (continued)

Strong performance across all businesses

The Group's Property & Casualty (P&C) saw a 50 percent increase in BOP driven by a stronger underwriting result due to a combination of top-line growth and improved combined ratio.

Gross written premiums (GWP) rose 11 percent on a like-for-like basis, with robust growth in both commercial and retail insurance. Commercial insurance benefited from higher premium rates and net new business, while growth in retail was primarily driven by net new business.

The combined ratio of 94.3 percent was 4.1 percentage points lower than in the prior year, driven by lower COVID-19 and catastrophe losses, increased reserve releases, as well as underlying improvement as higher premium rates fed into the results.

The Group's Life business BOP increased 27 percent compared with the prior year. Excluding COVID-19 effects, Life BOP grew 26 percent driven by the Group's continued focus on protection and capital-light saving products. This, together with portfolio management actions and favorable claims experience, led to margin improvements in Asia Pacific and Europe, which were complemented by profitable growth in Latin America and Europe and higher investment returns. The quality of new business growth remained high with more than 90 percent of annual premium equivalent (APE) sales from protection and capital-light savings products.

Gross written premiums of the Farmers Exchanges[2] increased 20 percent. Excluding the contribution of the MetLife U.S. P&C transaction, which closed at the beginning of April 2021, gross written premiums rose 7 percent. Key customer metrics continued to improve as a result of the Farmers Exchanges' customer focused strategy.

Farmers BOP was 8 percent higher compared to the prior year. A 12 percent increase in BOP at Farmers Management Services (FMS) was partially offset by higher mortality claims related to COVID-19 in Farmers Life.

Group Functions and Operations' net expenses increased by 14 percent, largely due to financing and foregone investment income related to the acquisition of the U.S. P&C business of Metlife as well as unfavorable currency movements.

Very strong capital position and cash generation

During the year, management continued to optimize the use of capital. The Group's balance sheet and Swiss Solvency Test (SST) remained very strong at an estimated 212 percent[2], well above the Group's target level of 160 percent or above.

The Group continued to successfully convert earnings into distributable cash flow, with overall Group remittances of USD 4.4 billion, equivalent to more than 80 percent of net income attributable to shareholders. 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.

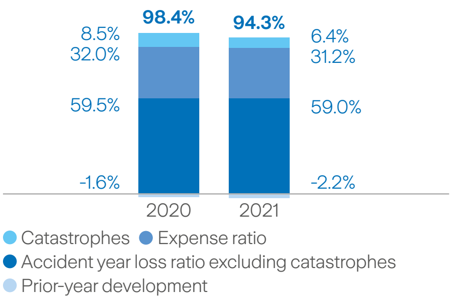
Dividend proposal of CHF 22

In line with the stated dividend policy, the board proposes a dividend of CHF 22 per share, representing a 10 percent increase.

George Quinn
Group Chief Financial Officer

Property & Casualty (P&C)

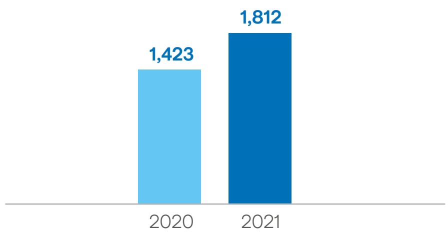
Combined ratio
%



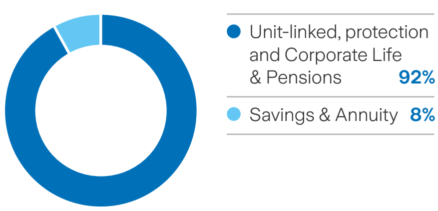
Like-for-like GWP growth
%[1]

Life

Business operating profit
in USD millions

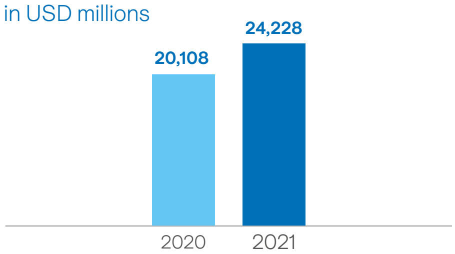


2021 APE product mix
%



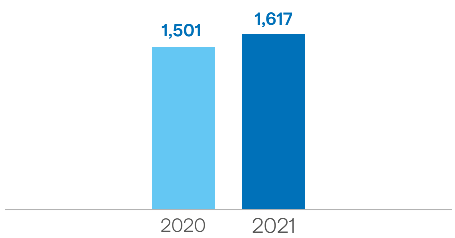
Farmers Exchanges[2]

GWP
in USD millions



Farmers

Farmers BOP
in USD millions



1 In local currency and adjusted for closed acquisitions and disposals.
2 The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.

Financial overview

Contents

The information contained within the financial overview is unaudited and is based on the consolidated results of the Group for the years ended December 31, 2021 and 2020. 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 always add up to the rounded total. 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 results 2021 of the Group and in particular with its consolidated financial statements for the year ended December 31, 2021.

In addition to the figures stated in accordance with International Financial Reporting Standards (IFRS), the Group uses business operating profit (BOP), new business metrics 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 (NIAS), see note 27 (table 27.4) of the audited consolidated financial statements for the year ended December 31, 2021.

Certain comparatives have been revised as a result of reclassifications and other adjustments. For details refer to note 1 of the audited consolidated financial statements.

Financial overview (continued)

Financial highlights

in USD millions, for the years ended December 31	2021	2020	Change[1]
Business operating profit	**5,742**	4,241	35%
Net income attributable to shareholders	**5,202**	3,834	36%
P&C business operating profit	**3,121**	2,080	50%
P&C gross written premiums and policy fees	**40,123**	35,518	13%
P&C combined ratio	**94.3%**	98.4%	4.1 pts
Life business operating profit	**1,812**	1,423	27%
Life gross written premiums, policy fees and insurance deposit	**28,353**	27,616	3%
Life new business annual premium equivalent (APE)[2]	**3,824**	3,625	5%
Life new business margin, after tax (as % of APE)[2]	**29.1%**	25.1%	4.0 pts
Life new business value, after tax[2]	**959**	788	22%
Farmers business operating profit	**1,617**	1,501	8%
Farmers Management Services management fees and other related revenues	**4,265**	3,703	15%
Farmers Management Services managed gross earned premium margin	**6.6%**	6.8%	(0.1 pts)
Farmers Life new business annual premium equivalent (APE)[2]	**78**	75	4%
Average Group investments[3]	**203,121**	204,639	(1%)
Net investment result on Group investments[3]	**7,085**	6,950	2%
Net investment return on Group investments[3,4]	**3.5%**	3.4%	0.1 pts
Total return on Group investments[3,4]	**(0.8%)**	6.4%	(7.2 pts)
Shareholders' equity	**37,881**	38,278	(1%)
Swiss Solvency Test ratio[5]	**212%**	182%	31 pts
Return on common shareholders' equity (ROE)[6]	**16.4%**	13.0%	3.4 pts
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)[6]	**14.0%**	11.0%	3.0 pts

1 Parentheses around numbers represent an adverse variance.
2 New business value and new business margin are calculated after the effect of non-controlling interests, whereas APE is presented before non-controlling interests.
3 Including investment cash.
4 Calculated on average Group investments.
5 Estimated Swiss Solvency Test (SST) ratio, calculated based on the Group's internal model 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.
6 Shareholders' equity used to determine ROE and BOPAT ROE is adjusted for net unrealized gains/(losses) on available-for-sale investments and cash flow hedges.

The Group reported very strong growth in profit for 2021, with business operating profit (BOP) increasing 35 percent. Growth came from a strong underlying performance together with a reduced impact from the COVID-19 pandemic, which more than offset higher weather and natural catastrophe losses.

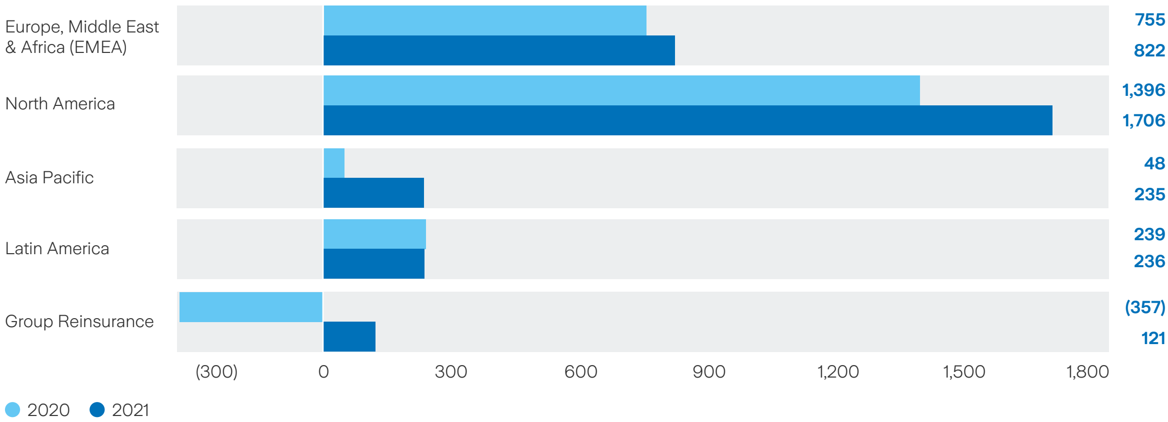
Net income attributable to shareholders increased by 36 percent in 2021, driven by the growth in business operating profit and higher net realized gains on equities and real estate, which more than offset slightly higher charges for other items.

Operating update

Property & Casualty (P&C)

in USD millions, for the years ended December 31			Total
	2021	2020	Change
Gross written premiums and policy fees	40,123	35,518	13%
Net earned premiums and policy fees	29,461	26,396	12%
Insurance benefits and losses, net of reinsurance	18,593	17,536	(6%)
Net underwriting result	1,681	423	nm
Net investment result	1,731	2,045	(15%)
Business operating profit	**3,121**	**2,080**	**50%**
Loss ratio	63.1%	66.4%	3.3 pts
Expense ratio	31.2%	32.0%	0.8 pts
Combined ratio	**94.3%**	**98.4%**	**4.1 pts**

P&C business operating profit (BOP)
in USD millions, for the years ended December 31



Gross written premiums in Property & Casualty (P&C) for 2021 reached a record high of USD 40.1 billion, up 11 percent compared with the previous year on a like-for-like basis, after adjusting for currency movements and closed acquisitions and disposals. In U.S. dollars, gross written premiums rose 13 percent, with growth amplified by favorable currency movements.

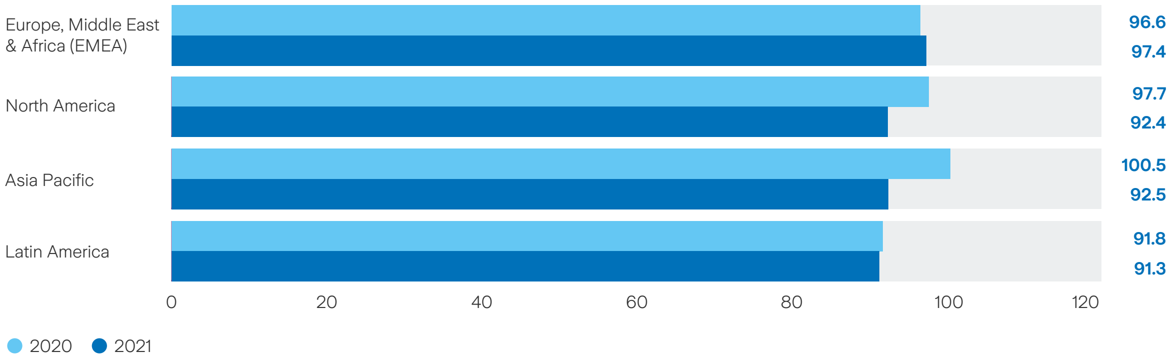
Business operating profit in 2021 was USD 3.1 billion, 50 percent higher than in the previous year. The increase was primarily driven by a higher underwriting result, benefiting from a combination of top-line growth and improved combined ratio.

The net investment result declined 15 percent compared with the previous year, driven by lower investment income due to the earn through of lower yields, and a reduced performance of the Group's hedge fund portfolio.

The contribution of other items, which include the net non-technical result and non-controlling interests, improved by USD 97 million compared to the previous year, mainly driven by a gain from the disposal of a real estate asset previously held for own use.

Operating update (continued)

P&C combined ratio
%, for the years ended December 31



The combined ratio of 94.3 percent in 2021 was 4.1 percentage points better than in the previous year. Both the loss ratio and expense ratio contributed to the improvement. The loss ratio was 3.3 percentage points below prior year, driven by underlying improvement as higher prices earned into the results, increased reserve releases and lower catastrophe and COVID-19 losses. The expense ratio was 0.8 percentage points below the prior year, reflecting continued expense discipline and top-line growth.

In EMEA, the combined ratio deteriorated by 0.8 percentage points, mainly driven by lower reserve releases compared with the previous year, while the current accident year combined ratio improved year on year driven by both loss ratio and expense ratio.

In North America, the combined ratio improved by 5.3 percentage points, mainly driven by a lower loss ratio, which benefited from the earn through of rate increases, as well as higher reserve releases and lower catastrophe and COVID-19 losses.

The Asia Pacific combined ratio improved 8 percentage points, driven by both loss ratio and expense ratio. The loss ratio benefited from a favorable prior-year development compared with an adverse development in the prior year. The expense ratio improvement was mainly driven by a reduction of other underwriting expenses and top-line growth.

The Latin America combined ratio was 0.5 percentage points better than in the previous year, with the improvement driven by a better expense ratio, reflecting changes in business mix and a reduction of other underwriting expenses.

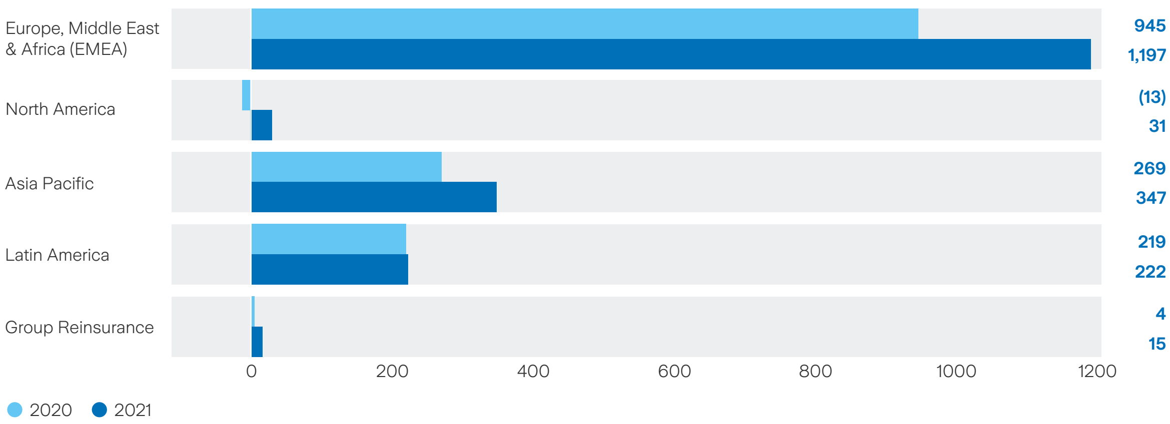
Operating update (continued)

Life

in USD millions, for the years ended December 31	2021	2020	Change
Insurance deposits	14,357	13,663	5%
Gross written premiums and policy fees	13,995	13,953	0%
Net investment income on Group investments	2,987	2,753	9%
Insurance benefits and losses, net of reinsurance	8,863	9,306	5%
Business operating profit	**1,812**	**1,423**	**27%**
Net policyholder flows[1]	6,002	4,310	39%
Assets under management[2]	295,007	303,433	(3%)
Total reserves for life insurance contracts, net of reinsurance, and liabilities for investment contracts (net reserves)	234,475	247,439	(5%)

1 Net policyholder flows are defined as the sum of gross written premiums and policy fees and deposits, less policyholder benefits.
2 Assets under management comprise balance sheet Group investments and unit-linked investments plus assets that are managed by third parties, on which fees are earned.

Life business operating profit (BOP)
in USD millions, for the years ended December 31



The Group's Life business delivered a business operating profit of USD 1.8 billion for the full year 2021, 27 percent higher than the prior year. Excluding COVID-19 effects, Life business operating profit grew 26 percent, driven by the Group's continued focus on protection and capital-light saving products. This, together with portfolio management actions and favorable claims experience, led to margin improvements in Asia Pacific and Europe, which were complemented by profitable growth in Latin America and Europe and better investment returns. Other drivers were positive one-off benefits of around USD 150 million largely related to EMEA and resulting from favorable reserve releases, assumption updates and other one-offs.

In EMEA, business operating profit improved by 27 percent to USD 1.2 billion on a reported basis. Adjusted for COVID-19, business operating profit increased by 16 percent compared with the prior year to USD 1.3 million. Switzerland's business operating profit improved as a result of growth in higher-margin individual life business together with a positive claims experience largely related to the favorable reserve releases. Italy and Ireland delivered strong and profitable growth in unit-linked products and benefited from favorable markets conditions. Germany's business operating profit increased due to favorable economic assumption updates and other one-offs, while the UK benefited from loss reserve reviews and profitable growth in protection.

In Latin America, business operating profit increased 1 percent on a reported basis. Excluding COVID-19 claims, business operating profit grew by 43 percent. This growth was driven by profitable sales through Zurich Santander together with a positive run-off development of a large corporate protection scheme in Chile, which benefited from favorable market conditions.

Asia Pacific contributed a business operating profit of USD 347 million, USD 79 million higher compared with the prior year. The performance improved significantly due to re-pricing and portfolio improvement actions in Australia as well as higher investments returns.

Operating update (continued)

In North America, which excludes Farmers Life, business operating earnings increased by USD 43 million due to better claims experience and the sale of the group life business.

Net inflows of USD 6 billion were 39 percent higher than in the prior year, mainly benefiting from growth in EMEA, North America and Asia Pacific. Net inflows rose by 45 percent on a like-for-like basis, adjusting for currency movements, acquisitions and disposals, and the reclassification of Zurich Global Employee Benefit Solutions from Life to Zurich Global Ventures in Group Functions and Operations.

Assets under management (AuM) decreased by around 3 percentage points, driven by unfavorable currency movements and the reclassification of AuM as held for sale related to the sale of the Italian life and pension back book. These effects were partially offset by favorable market developments and the impact from positive net inflows.

NBV, APE and NBM by Segment

in USD millions, for the years ended December 31	New business value, after tax (NBV)[1]		New business annual premium equivalent (APE)[2]		New business margin, after tax (as % of APE) (NBM)[3]	
	2021	2020	**2021**	2020	**2021**	2020
Europe, Middle East & Africa (EMEA)	668	500	2,465	2,300	28.6%	22.7%
North America	24	44	120	108	19.8%	41.0%
Asia Pacific	103	101	198	213	52.7%	47.9%
Latin America	164	142	1,041	1,005	25.5%	23.0%
Total	**959**	**788**	**3,824**	**3,625**	**29.1%**	**25.1%**

1 New business value is calculated on embedded value principles net of non-controlling interests.
2 APE is shown gross of non-controlling interests.
3 New business margin is calculated using new business value as a percentage of APE based on figures net of non-controlling interests for both metrics.

During 2021, Life new business annual premium equivalent (APE) sales increased by 5 percent on a like-for-like basis. The growth in sales reflects favorable growth momentum in unit-linked business and protection products, partially offset by a strong reduction in savings and annuity business. On a reported basis, APE was 5 percent higher.

In EMEA, APE sales increased by 5 percent on a like-for-like basis, compared with the same period in 2020. This was mainly driven by strong growth of unit-linked business in Ireland, Italy and Switzerland and favorable APE sales of protection products in Spain, Switzerland and the UK. These factors were partially offset by lower sales of traditional life products in Germany and Italy, as well as by the reduction in corporate savings business in Switzerland, due to the COVID-19-related economic slowdown at the beginning of the year and competitive market conditions.

APE sales in Latin America increased 7 percent on a like-for-like basis, reflecting higher sales volumes of individual protection products at Zurich Santander and strong growth of unit-linked business in Chile and Brazil. These were partially offset by the non-renewal of a large corporate life and protection account in Chile.

In North America, APE sales increased 35 percent on a like-for-like basis, excluding the life business which was sold in the prior year. This was primarily driven by growth in unit-linked business.

In Asia Pacific, lower sales in Japan, Australia and Indonesia led to a decline of 10 percent on a like-for-like basis. The decline in Australia was in part due to repricing actions to improve margins.

The new business margin increased to an attractive level of 29.1 percent as reported and on a like-for-like basis. New business value (NBV) rose 21 percent on a like-for-like basis, driven by higher volumes and a more favorable sales mix in EMEA and Latin America. On a reported basis, NBV improved by 22 percent. The Group continues to focus on protection, unit-linked and corporate savings business, with these products accounting for more than 90 percent of APE sales. Protection business contributed around 75 percent of the total NBV.

Operating update (continued)

Farmers

in USD millions, for the years ended December 31	**2021**	2020	Change
Farmers Management Services (FMS)	1,534	1,375	12%
Farmers Re	(1)	26	nm
Farmers Life	84	100	(16%)
Total business operating profit	**1,617**	**1,501**	**8%**

Farmers Management Services (FMS) business operating profit increased 12 percent compared with the prior year and 5 percent on a like-for-like basis after adjusting for the first-time inclusion of the acquired MetLife U.S. P&C business. This was mainly driven by growth of the premium base of the Farmers Exchanges.

Farmers Re reported a loss of USD 1 million compared with a business operating profit of USD 26 million in the prior year. The loss was driven by catastrophe losses and unfavorable prior-year development related to older accident years, when Farmers Re had a higher proportion of ceded business from the Farmers Exchanges under the all lines quota share.

Farmers Life business operating profit of USD 84 million was 16 percent lower than in the prior year. The result was mainly driven by higher mortality claims, including USD 121 million of claims related to COVID-19.

Farmers Exchanges

The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.

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 Re.

in USD millions, for the years ended December 31	**2021**	2020	Change
Gross written premiums	24,228	20,108	20%
Gross earned premiums	23,689	20,109	18%

Gross written premiums at the Farmers Exchanges increased 20 percent. Excluding the contribution of the MetLife transaction, which closed at the beginning of April 2021, gross written premiums increased 7 percent.

Operating update (continued)

Group Functions and Operations

in USD millions, for the years ended December 31	2021	2020	Change
Holding and Financing	(445)	(353)	(26%)
Headquarters	(311)	(312)	0%
Zurich Global Ventures[1]	(49)	(44)	(12%)
Total business operating profit	**(806)**	**(709)**	**(14%)**

1 Includes Zurich Global Employee Benefit Solutions, new ventures and initiatives.

Group Functions and Operations reported net expenses of USD 806 million compared with USD 709 million in the prior year. This was mainly driven by an increase in charges related to Holdings and Financing due largely to financing and foregone investment income related to the acquisition of the MetLife U.S. P&C business and unfavorable currency movements.

Non-Core Businesses

in USD millions, for the years ended December 31	2021	2020	Change
Zurich Legacy Solutions	(48)	(14)	nm
Other run-off	46	(40)	nm
Total business operating profit	**(1)**	**(54)**	**97%**

The Group's Non-Core Businesses, which comprise run-off portfolios that are managed with the intention of proactively reducing risk and releasing capital, reported a loss of USD 1 million, an improvement of USD 53 million. The result benefited from the absence of adverse developments in a legacy life portfolio linked to the COVID-19 outbreak in the prior year.

Financial update

Balance sheet review

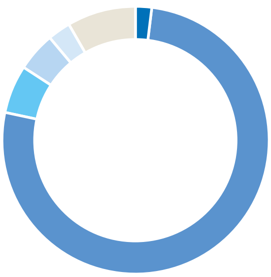
Total assets and liabilities:

The total assets of the Group stood at USD 436 billion in 2021 compared with USD 439 billion in 2020, mainly driven by a decrease in cash and cash equivalents, which reflects the dividend payment in 2021 as well as the valuation of investment assets. While the overall asset allocation remained stable, rising rates affected the valuation of debt securities. Investment property decreased by USD 679 million, driven by disposals and foreign exchange impacts due to a stronger U.S. dollar.

The completion of the acquisition of the Metlife's P&C business by Zurich subsidiary Farmers Group, Inc. and the Farmers Exchanges[1] increased the goodwill by USD 418 million and also increased the value of the attorney-in-fact intangible asset to USD 2.65 billion.

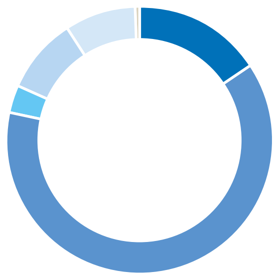
The Group also reclassified about USD 9 billion of assets and liabilities as held for sale reflecting the Group's capital optimization actions. These factors, including a reduction in pension liabilities, also drove a decrease in the total liabilities for the Group to USD 397 billion in 2021 from USD 399 billion in 2020.

Group assets
Total assets as of December 31, 2021
(in USD millions)



Cash and cash equivalents	**8,698**
Total investments	**333,429**
Reinsurers' share of liabilities	**25,680**
Deferred policy acquisition costs	**20,446**
Intangible assets	**11,478**
Other assets	**36,095**

Group liabilities and equity
Total liabilities and equity as of December 31, 2021
(in USD millions)



Liabilities for investment contracts	**68,855**
Liabilities for insurance contracts	**272,707**
Debt	**15,109**
Other liabilities	**39,985**
Shareholders' equity	**37,881**
Non-controlling interests	**1,289**

Shareholders' equity:

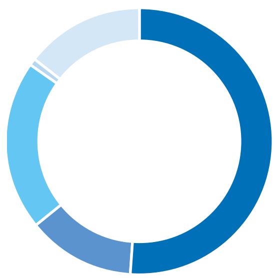
The Group's shareholder equity decreased by USD 397 million to USD 37.9 billion in 2021 from USD 38.3 billion in 2020. The decrease was mainly driven by the dividend of USD 3.2 billion paid in 2021 and lower net unrealized gains on investments, partially offset by net income for the year of USD 5.2 billion

Treasury and capital management

The Group's balance sheet remains very strong, as demonstrated by S&P and Moody's financial strength ratings for the Zurich Insurance Company Ltd of AA and Aa3 with a stable outlook. In addition, as of December 31, 2021, the Group's estimated SST ratio[2] remained very strong at 212 percent.

During the year the Group saw net remittances of USD 4.4 billion and remains committed to the 2020–2022 financial target to exceed USD 11.5 billion over this period. The level of remittances has been driven by both operational earnings and capital released as a result of the Group's efforts to extract capital from Non-core businesses.

Net cash remittances by business
for the year ended December 31, 2021
(in USD millions)



Property & Casualty	**3,167**
Life	**791**
Farmers	**1,283**
Non-Core Businesses	**(6)**
Group Functions and Operations	**(877)**

1 Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Zurich Insurance Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.
2 Estimated Swiss Solvency Test (SST) ratio, calculated based on the Group's internal model 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.

Significant transactions in 2021

On December 11, 2020, Zurich subsidiary Farmers Group, Inc. and the Farmers Exchanges[1] announced the acquisition of MetLife's U.S. property and casualty business for USD 3.96 billion. The acquisition successfully closed on April 7, 2021. The acquisition gives the Farmers Exchanges[1] a truly nationwide presence and access to new distribution channels. This includes a 10-year exclusive distribution agreement through which the Farmers Exchanges[1] will offer their personal lines products on MetLife's industry-leading U.S. Group Benefits platform, which today reaches 3,800 companies and 37 million employees.

On May 18, 2021, the Group acquired a 19.99 percent share in Project Policy BidCo Limited, the owner of MyPolicy Limited, a UK usage-based insurance technology provider and managing general agent, and Minerva. As part of the acquisition Zurich contributed Bright Box Hong Kong Limited and its subsidiaries as well as 10 million in cash.

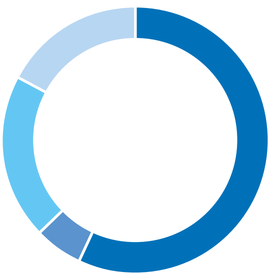
On August 4, 2021, Zurich Italy reached an agreement to acquire the network of Financial Advisors of the Deutsche Bank Group in Italy. The terms of the agreement provide for the transfer of a business unit consisting of approximately 1,085 financial advisors, 97 employees and 16.5 billion euros of assets under management. The acquisition allows Zurich Italy to further develop its financial and insurance distribution network in the Italian market. The transaction is expected to close in Q2 2022, subject to regulatory approval.

Being a responsible taxpayer

As part of Zurich's tax strategy, the Group strives to manage tax costs- and control-associated risks for the benefit of its customers, employees, shareholders and for society as a whole. The Group employs rigorous tax accounting and reporting oversight. The location of Group subsidiaries and affiliated companies is driven by business reasons and not the avoidance of tax. The Group's consolidated result includes only a very limited number of companies located in low or nil tax rate jurisdictions and in all cases these carry out operative insurance, reinsurance and asset management activities.

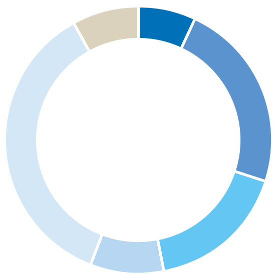
Total tax contribution reflects Zurich's economic contribution to the economy in taxes – the direct and indirect taxes paid by Zurich ('tax borne by the shareholders') and those taxes that Zurich is legally obliged to collect on behalf of the tax administrations ('tax collected'):

Taxes borne by Shareholders
Total 2020[2]: USD 2.3bn (all numbers based on IFRS excluding deferred income tax)



Shareholder income tax	57%
Stamp duty and other taxes	6%
Employer social security	20%
Irrecoverable VAT	17%

Taxes collected
Total 2020[2]: USD 6.1bn (all numbers based on IFRS excluding deferred income tax)



Employer social security	7%
Other taxes (incl. WHT)	23%
Payroll tax	17%
PH income and other taxes	9%
Premium tax	36%
VAT declared	8%

See more details on our tax strategy in our Sustainability pages at www.zurich.com/en/sustainability.

The shareholders' effective tax rate decreased to 23.0 percent for the period ended December 31, 2021 compared with 23.9 percent for the same period of 2020. The decrease was driven primarily by favorable developments in the geographical profit mix as the U.S. businesses performed strongly.

1 Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Zurich Insurance Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.
2 The total tax contribution for 2021 will be reported in Zurich's tax strategy report, which will be published in Q2 2022.

Message from our Group Chief Investment Officer

A resilient portfolio.

"We maintained the resilience of our portfolio during 2021, while also delivering on our responsible investment strategy. We launched a Carbon-Neutral World Equity Fund, an insurance industry first that combines a low-carbon investment strategy with carbon offsetting.

Peter Giger
Group Chief Risk Officer and Group Chief Investment Officer ad interim

Strong global growth, but resurgent inflation

Global economic conditions were broadly favorable over the course of the year, with growth significantly above trend despite continuing impact from the COVID-19 pandemic. While a number of developed economies surpassed pre-pandemic levels of activity, growth was unbalanced, with emerging economies experiencing a slower and more disjointed recovery. A defining feature of the year was the return of inflation. Disrupted supply chains, combined with rampant demand for manufactured goods and rising energy prices, pushed inflation well above the targets of many central banks, leading to a step change in monetary policy. Strong growth and surging inflation brought forward interest rate hikes and pushed bond yields higher, albeit relatively modestly by historic standards. From an asset class perspective, government bond returns were negative for the year, and while credit markets saw some pickup in yields, it was equities in developed markets that, once again, gave a stellar performance.

Message from our Group Chief Investment Officer (continued)

Maintaining our portfolio resilience

During 2021, our portfolio composition continued to demonstrate resilience, with minor defaults and portfolio downgrades. In 2021, impairments dropped significantly to below USD 60 million, led by the positive performance of the equity market and stable public and private credit markets. Zurich's fixed-income portfolio retained its high-quality profile with 96 percent invested in securities with credit rating BBB– and above. The credit and private debt portfolio further benefited from being well diversified across industries and issuers with private credit retaining a more defensive approach focused on senior credit. In real estate, the strategy to focus our investments on core properties in markets with growing demand continues to reward us: we recorded another year of excellent performance, with very limited COVID-19-related impacts on rental income and portfolio valuations.

Our net investment income remains stable versus prior year

Though bond yields remained near historically low levels, our net investment income rose by 3 percent to USD 5.0 billion compared with 2020, supported by continuing efforts in private credit and real estate, as well as by effects from foreign exchange and inflation. Compared with the prior year, net capital gains remained at the same level, largely supported by public equities and selected portfolio reallocations, as well as successful co-investments in alternative assets.

Compensated risk-taking in public equities, private equities, public credit, and real estate contributed positively to the total investment return of assets. However, the middling performance of public credit and the negative performance, driven by higher yields, of our government bonds resulted in negative total return of 0.84 percent on the assets.

While the total asset return was negative, we saw a considerable outperformance of assets over liabilities during 2021. Market risk capital required in support of our investments reduced during the year, benefiting from an improved asset/liability management position.

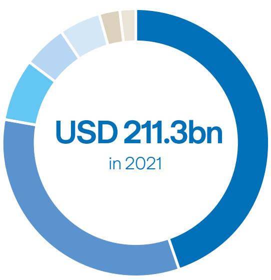
Delivering on responsible investment goals and driving innovation

During 2021 our responsible investment strategy saw considerable progress across multiple fronts: from advancing on our net-zero journey by setting interim targets and increasing our allocation to impact investments, to thought leadership and accelerating environmental, social, and governance (ESG) integration. We also developed a responsible investment strategy that ensures our knowledge also flows into the unit-linked space. We have increased our impact investment by 22 percent, reaching USD 7.0 billion, leading to an estimated avoidance of 4.6 million tons of CO_2-equivalent emissions and improving the lives of 3.6 million people. While driving this performance, we have started implementing our 2025 targets to reduce greenhouse gas emissions by 25 percent in our credit and equity portfolio and by 30 percent in our real estate portfolio. We initiated bottom-up exercises to measure and implement these reductions judiciously across multiple internal and external asset managers. We have also launched a Carbon-Neutral World Equity Fund, an insurance industry first in the unit-linked space that combines a low-carbon investment strategy with carbon offsetting. Various unit-linked ESG offerings are now available to our Life customers in Germany, Switzerland, Italy, and Portugal.

Further details are available online:
www.zurich.com/en/sustainability/responsible-investment

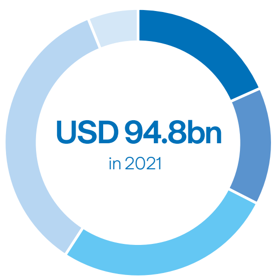
Peter Giger
Group Chief Risk Officer and Group Chief Investment Officer ad interim

Total investments[1], 2021
%



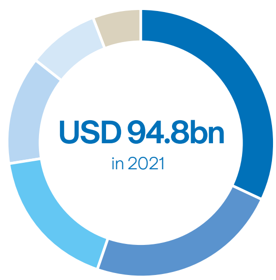
Credit, private debt	**44.9%**
Government and government guaranteed	**33.2%**
Real estate	**7.5%**
Cash	**5.1%**
Equities	**5.0%**
Mortgages	**2.5%**
Hedge funds, private equity	**1.9%**

Rating of Credit, Private Debt Securities, 2021
%



AAA	**18.5%**
AA	**14.1%**
A	**26.8%**
BBB	**34.6%**
Non-investment grade	**6.1%**
Unrated	**0.0%**

Credit and Private Debt Securities per segment, 2021
%



Non-Financial Credit	**32.0%**
Financial Credit	**23.5%**
Municipals, Agencies, State Credit	**17.3%**
Other	**13.0%**
Asset Backed Securities	**8.6%**
Covered Bonds	**5.7%**

1 Market value of the investment portfolio (economic view).

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; (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.

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 interinsurance 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.

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