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# Consistent Execution Drives Record Results

## Annual results 2021

February 10, 2022
Investor and media presentation
Zurich Insurance Group

# Content

MAIN SECTIONS
(use symbols to navigate through the document)



OTHER IMPORTANT INFORMATION
(use symbols to navigate through the document)

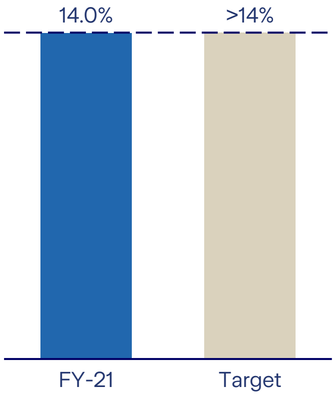
# Key messages

| | |
|---|---|
| On track to meet or exceed 2022 targets | Execution of group strategy drives strong performance across all businesses; FY-21 BOP rises 35% to USD 5.7bn, the highest since 2007 |
| Improved customer metrics support growth | Net promoter score improved in most major markets with ~2.2m net new customers acquired over the full year supporting retail business growth |
| P&C well placed for continued success | Reshaped portfolio and disciplined underwriting provide platform for growth. P&C gross written premiums up 11% like-for-like[1] with lowest combined ratio in 15 years at 94.3% |
| Continued execution of life strategy | Focus on protection and capital light savings supports improved margins. Life BOP up 27%, with new business value up 22% on a reported basis |
| Growth accelerated at Farmers Exchanges | Farmers Exchanges[2] GWP up 7% like-for-like[1] driven by improved agency performance. Farmers Management Services BOP up 5% like-for-like[1] |
| Very strong capital position and dividend | SST ratio of 212%[3] as of Q4-21 with 31ppts improvement compared to Q4-20 Proposed dividend[4] increase of 10% to CHF 22 |

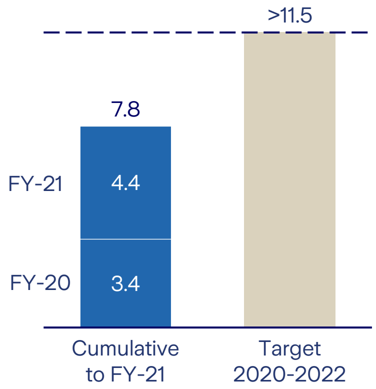
1 In local currency and after adjusting for closed acquisitions and disposals and reclassification of Zurich Global Employee Benefit Solutions from Life to Zurich Global Ventures in Group Functions and Operations.
2 For all references to Farmers Exchanges see the disclaimer and cautionary statement.
3 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.
4 Subject to approval by General Meeting of Shareholders.

# Group on track to meet or exceed 2022 targets

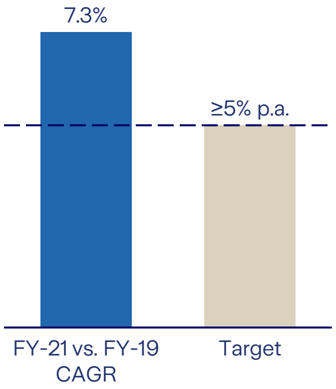
## BOPAT ROE (%)[1]



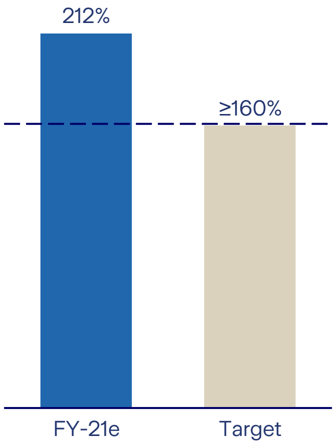

## CASH REMITTANCES (USDbn)




## EPS GROWTH (%)[2]



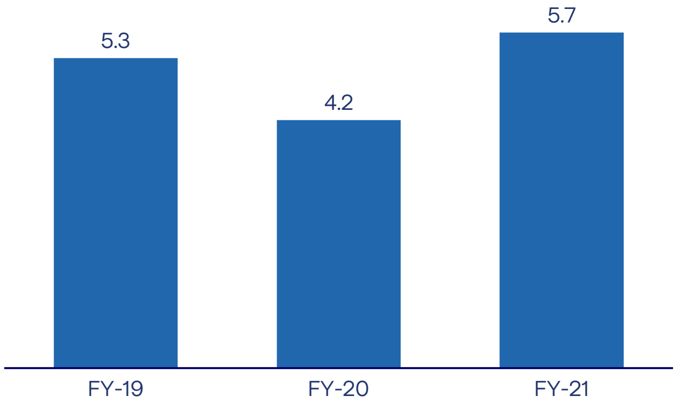

## SST (%)[3]



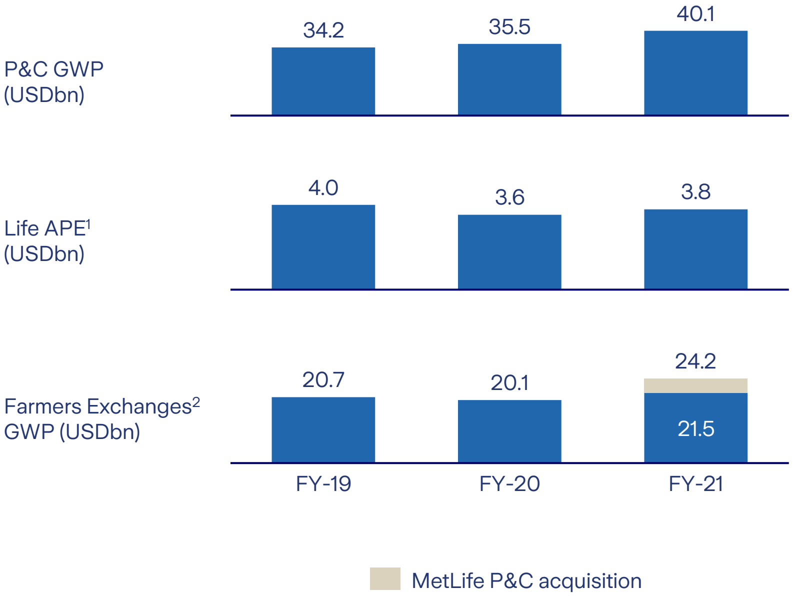

1 Business operating profit after tax return on equity, excluding unrealized gains and losses.
2 Earnings per share growth (in CHF), before capital deployment.
3 On Swiss Solvency Test (SST) see footnote on page 3.

# Execution of Group strategy drives strong performance across all businesses; FY-21 BOP above pre-pandemic levels

## GROUP BOP (USDbn)



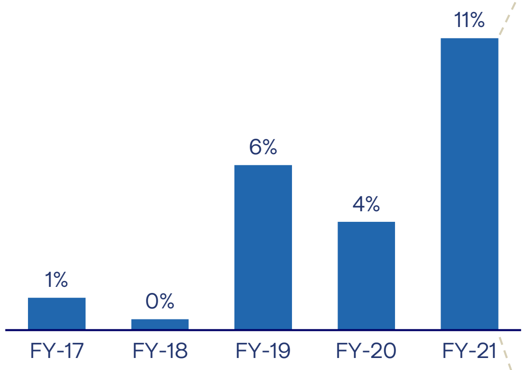

## TOP-LINE



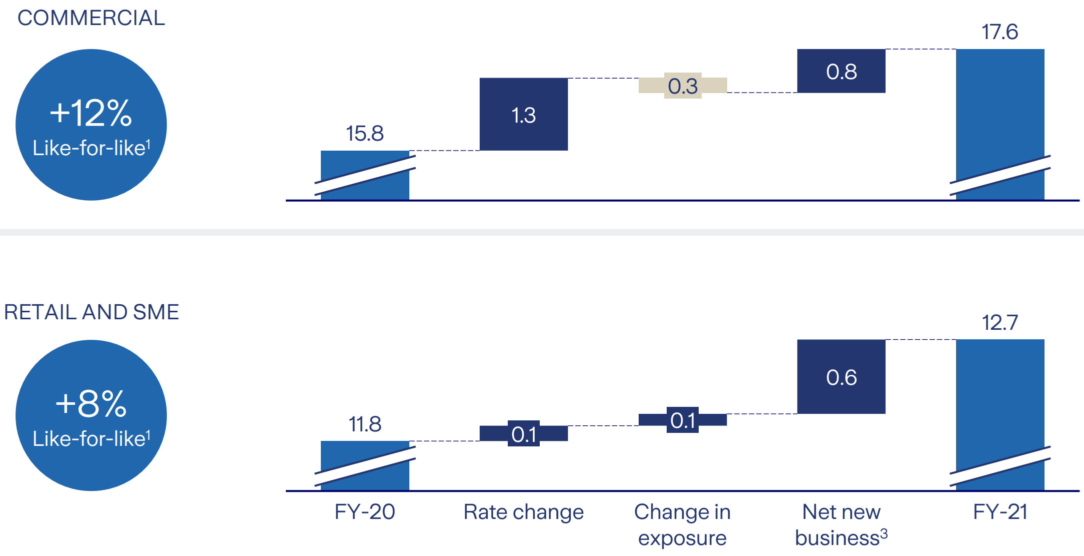

[1] FY-19 and FY-20 Life APE adjusted for disposed businesses and Zurich Global Employee Benefits Solutions, currently reported within Group Functions and Operations.
[2] For all references to Farmers Exchanges see the disclaimer and cautionary statement.

# Robust growth in Commercial and Retail and SME insurance, driven by higher premium rates and net new business

## P&C GWP GROWTH (%)[1]




## FY-21 P&C GWP GROWTH BY DRIVER (USDbn)[2]




1 In constant FX and after adjusting for closed acquisitions and disposals.
2 In constant FX, net of premiums for ceded facultative reinsurance, captives and pools/co-reinsurance agreements. Commercial excludes crop (USD 0.7bn growth year-on-year at FY-21).
3 Includes also the impact of non-renewable business, changes in scope and other adjustments.

# In Retail, increased customer satisfaction drives higher retention and net customer growth

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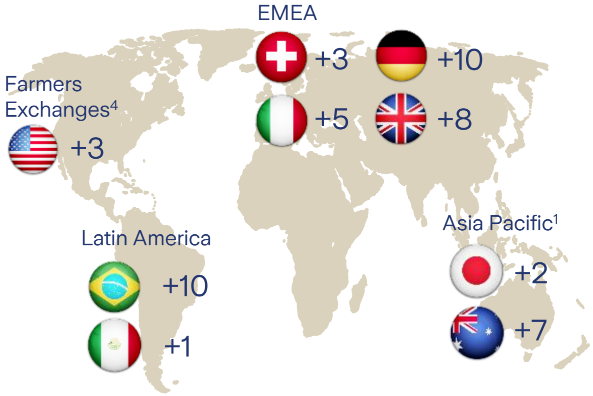
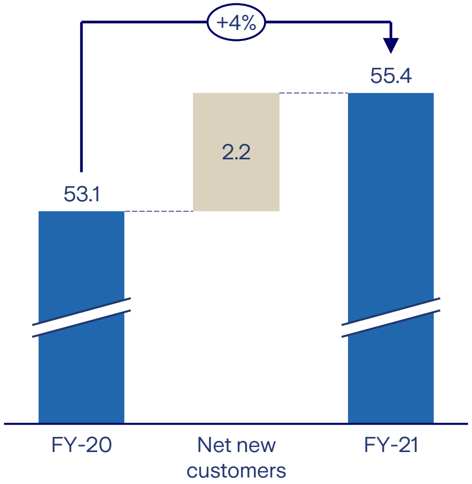
## HIGHER CUSTOMER SATISFACTION ACROSS THE GROUP[1]




## IMPROVED RETENTION[2]

| | | |
|---|---|---|
| Asia Pacific | ▲ | +3ppts |
| Latin America | ▲ | +2ppts |
| EMEA | ▲ | +1ppts |
| Farmers Exchanges[4] | ▲ | +0ppts |

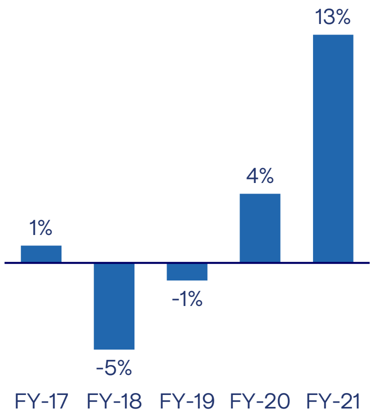
## NET CUSTOMER GROWTH[3]



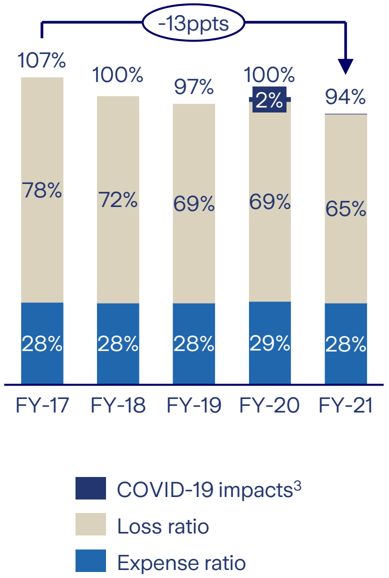

[1] Change in TNPS for the time period FY-20 to FY-21. Asia Pacific: Australia Life and Japan P&C.
[2] Change in P&C Retail and SME premium retention for the time period FY-20 to FY-21.
[3] Excluding Farmers Exchanges. Based on Australia, Brazil, Germany, Japan, Italy, Santander JV, Spain, Switzerland, and UK. FY-20 restated for better comparability with FY-21.
[4] For all references to Farmers Exchanges see the disclaimer and cautionary statement.

# Disciplined execution drives outstanding financial results in Commercial Insurance

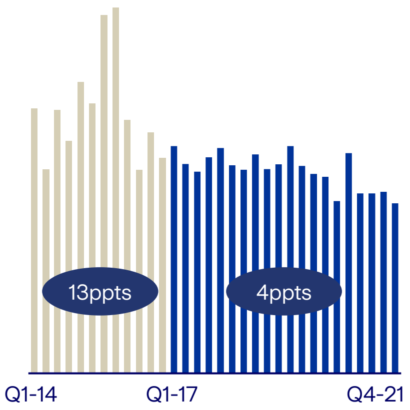
## NEP GROWTH (%)[1]



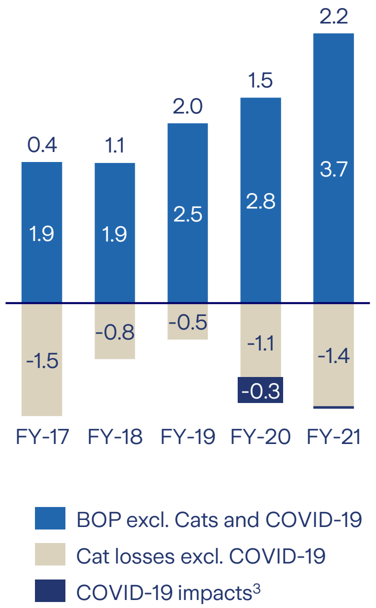

## COMBINED RATIO (%)




## LARGE LOSS VOLATILITY (ppts)[2]



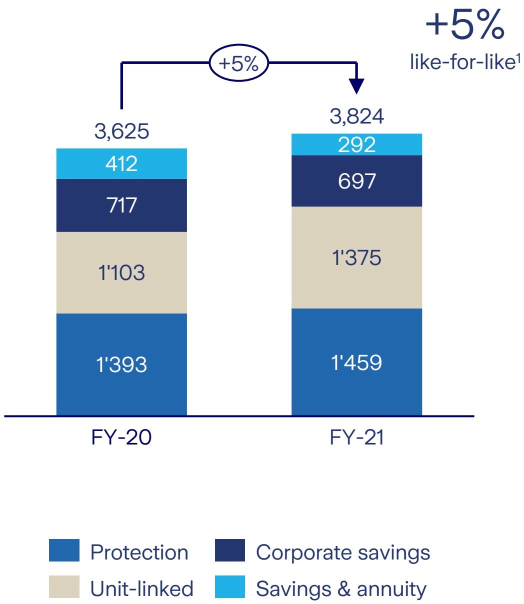

## BOP (USDbn)



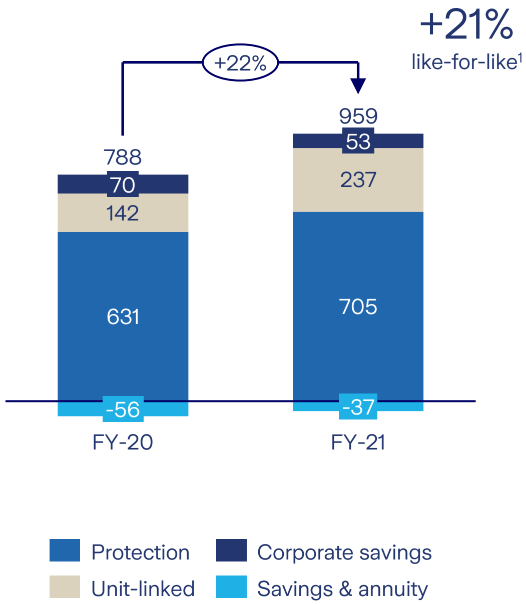

1 In constant FX.
2 Volatility is measured as difference between lowest and highest ratio for the indicated period. Numbers for the period before 2017 refer to the old Global Corporate perimeter.
3 COVID-19 claims, frequency benefits and premium refunds.

# Strong Life result from continued execution of long-term strategy to focus on protection and capital light savings products

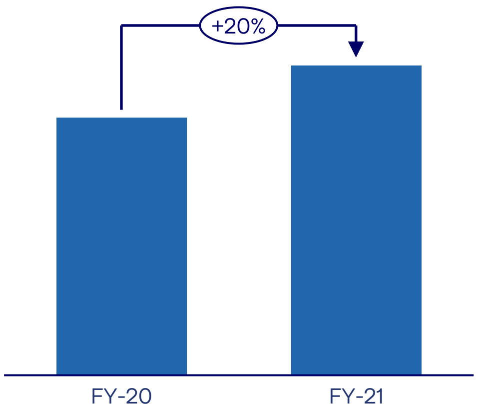
## APE BY PRODUCT (USDm)




## NBV BY PRODUCT (USDm)




## LIFE BOP LIKE-FOR-LIKE (USDm)[1]

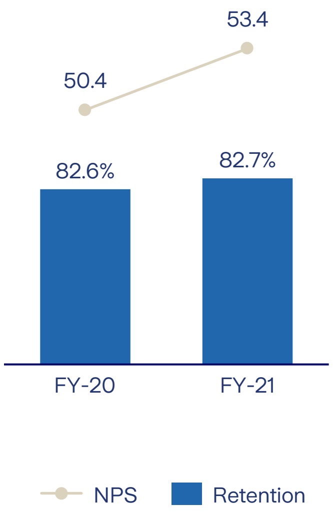



[1] In local currency and after adjusting for closed acquisitions and disposals and reclassification of Zurich Global Employee Benefit Solutions from Life to Zurich Global Ventures in Group Functions and Operations.

# Growth in exclusive agents and improved productivity together with MetLife acquisition drive growth in gross premiums

FARMERS INSURANCE

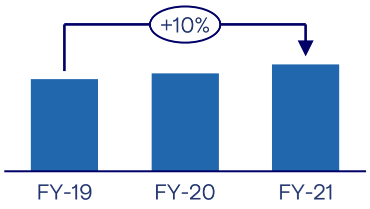
## NPS & RETENTION (%)




## EXCLUSIVE AGENTS

Total number of agents[2] +2.0%

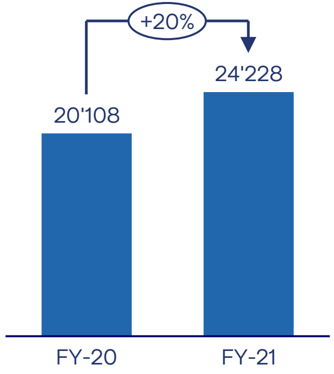
NEW BUSINESS SALES PER AGENT




## NEW BUSINESS SALES (%)[2]

| | |
|---|---|
| Exclusive Agents | +5.9% |
| Independent Agents | +4.8% |
| Direct Sales | +10.7% |

## GWP (USDm)




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

2 FY-21 vs. FY-20. New business sales figures after adjusting for closed MetLife U.S. P&C business acquisitions.

# Accelerating our ambition and our delivery for a sustainable future

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## STEPPING UP ON OUR AMBITION

OUR 1.5˚C FUTURE

CONFIDENCE IN A DIGITAL SOCIETY

WORK SUSTAINABILITY

- Committed to ambitious interim targets in decarbonization of operations and investment portfolio for 2025 and beyond
- Strengthened our position towards the most $CO_2$-equivalent emitting industries
- Set up of Carbon-Neutral Fund and other ESG funds for Life customers
- Founding member of the Net Zero Insurance Alliance

## DELIVERING ON OUR STRATEGY[1]

**~USD 300m**
of GWP and policy fees generated from sustainable solutions[2]

**+11%**
in climate solutions investments to USD 8.2bn since 2019, avoiding 4.6m tCO2e p.a.

**+30%**
females in senior leadership vs. 2017[3]

**+72ppts**
improvement in eNPS since 2017[4]

**+30%**
increase in global data transparency score since 2020[5]

1 All numbers refer to FY-21.
2 Sustainable solutions refer to insurance products, add-on coverages, investment products and advisory services designed to support activities generating positive environmental or social impacts and contribute to mitigating climate risks.
3 To 23.5% as of FY-21.
4 Increase from -23% in FY-17 to +49% per FY-21.
5 Since Q1-20; expresses level of implementation of Zurich data commitment as measured by improvements to customer-facing processes relevant to the selling, sharing or processing of customer data.

# We are executing on our strategy to improve our return on capital in P&C and Life

## SALE OF ITALIAN LIFE AND PENSION BACK BOOK[1]

**~USD 1.2bn**
Reduction in SST target capital

**~+11ppts**
SST ratio impact

**~USD +200m**
Group liquidity impact

Significant reduction in the Group's exposure to credit risk

## CAPITAL ALLOCATION PROCESS AND PRIORITIES

Allocation decisions based on strategic priorities

Financial and other market trends are considered over longer periods

Changes in allocation should be ROE accretive

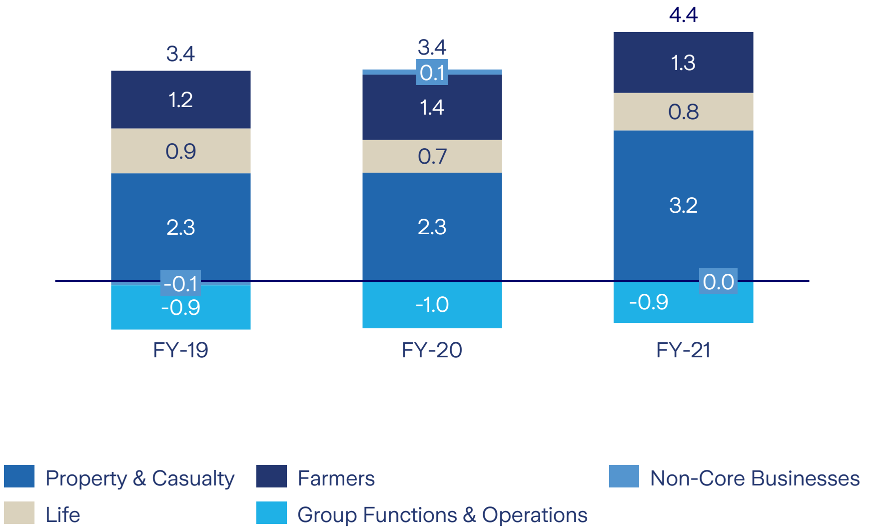
Priorities for released capital are elimination of earnings dilution and growth



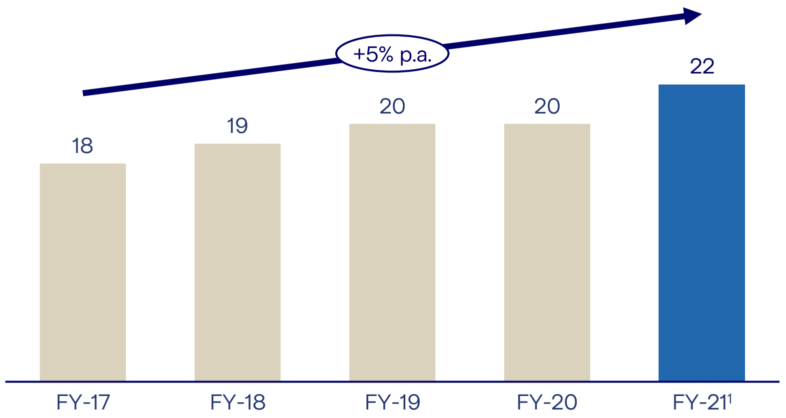
[1] The transaction is subject to regulatory approval and is expected to be completed in 2022.

# Continued strong cash remittance; CHF 22 dividend proposed[1]

## CASH REMITTANCES (USDbn)




## DIVIDEND PER SHARE (CHF)






[1] Proposed dividend, subject to approval by General Meeting of Shareholders.

# Key messages

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| On track to meet or exceed 2022 targets | Execution of group strategy drives strong performance across all businesses; FY-21 BOP rises 35% to USD 5.7bn, the highest since 2007 |
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4 Subject to approval by General Meeting of Shareholders.

# CFO update

# All regions and business lines drive increase in Group BOP

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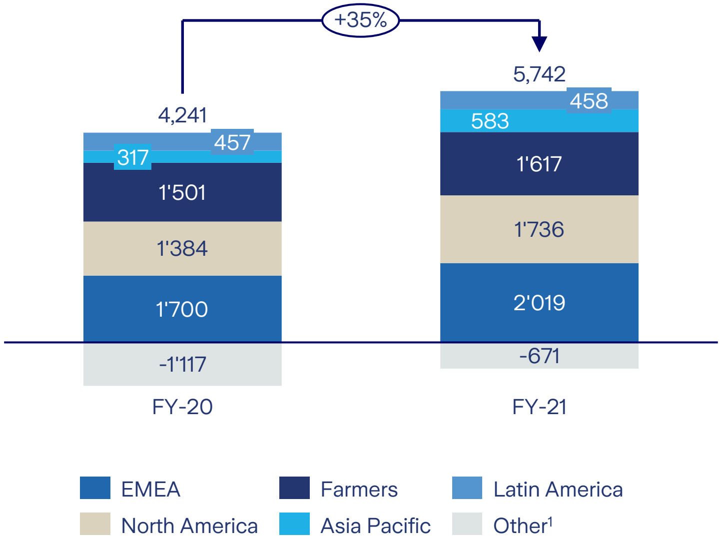
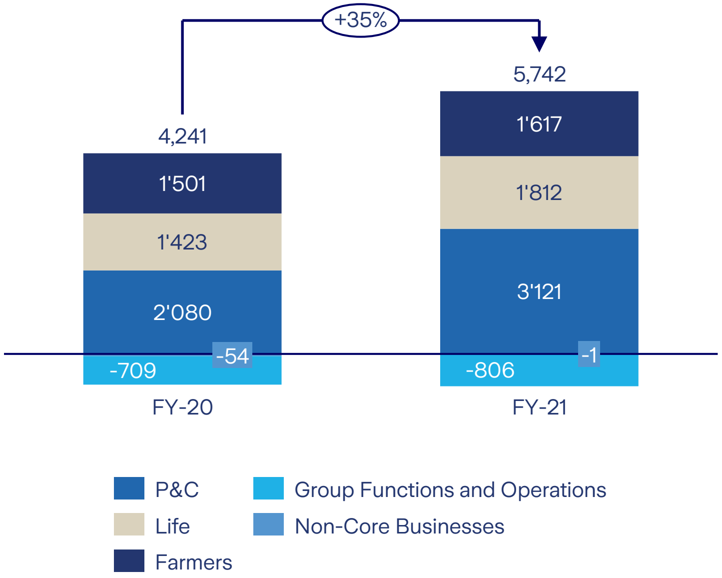
## BOP BY REGION (USDm)




## BOP BY BUSINESS (USDm)






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

# Strong growth in net income attributable to shareholders driven by BOP growth and higher realized capital gains

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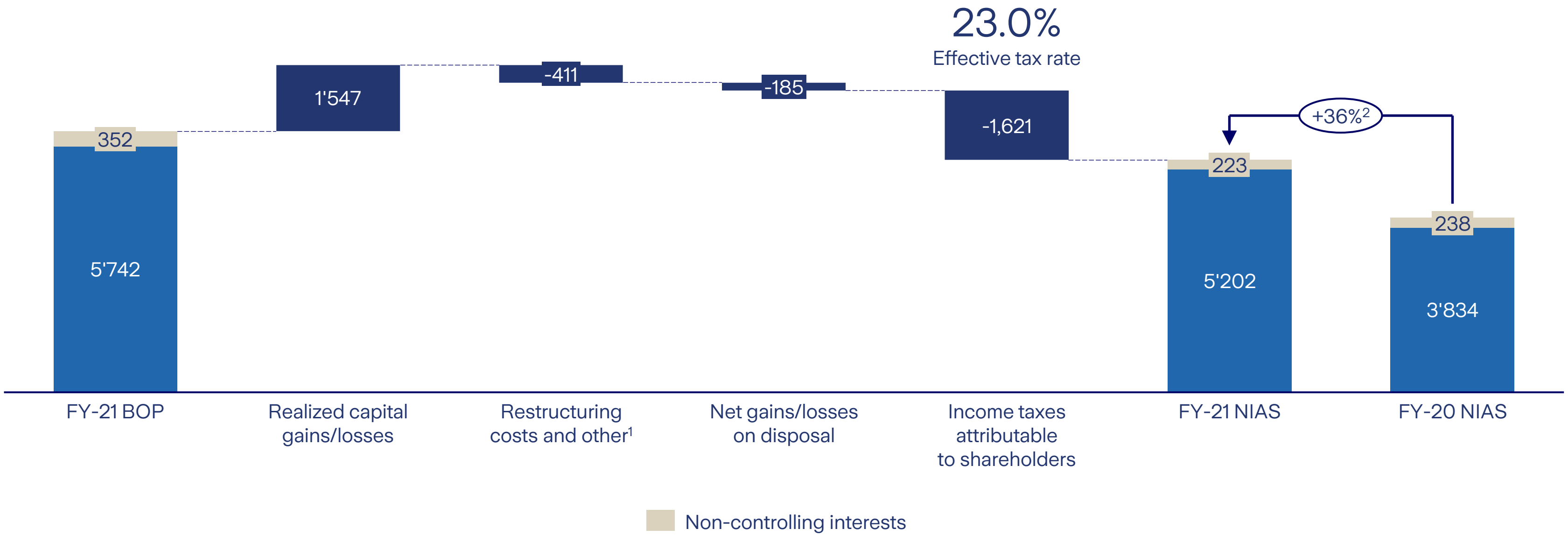
## BOP TO NIAS WALK (USDm)




1 Restructuring costs include restructuring provisions, other adjustments and impairment of goodwill.
2 NIAS excluding non-controlling interests.

# 2022 outlook

| | |
|---|---|
| PROPERTY & CASUALTY | • Commercial pricing expected to remain in excess of loss cost inflation<br>• Net earned premium growth is expected to be in the mid-to-high single digit range<br>• Losses from natural catastrophes anticipated to be around ~3.5ppts<br>• Investment income decline expected to be in the region of USD 50m<br>• Net non-technical result expected to be more in line with its normal run-rate |
| LIFE | • Growth in Life BOP excluding Farmers expected to be in the mid-single digit range<br>• Mortality claims related to COVID-19 expected to fall |
| FARMERS | • Farmers Exchanges[1] GWP growth expected to be in the high-single digits |
| OTHER | • Group Functions and Operations net expenses expected to be in the range of USD 800-850m<br>• Restructuring and other costs outside of BOP expected to remain broadly in line with 2021<br>• Effective tax rate expected to be around 24-25% |

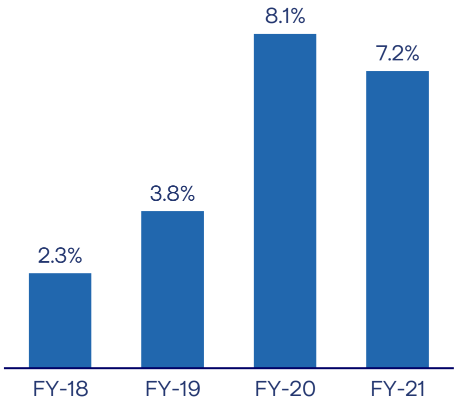
1 For all references to Farmers Exchanges see the disclaimer and cautionary statement.

# Strong growth and rate change

## FY-21 TOP-LINE DEVELOPMENT

| | GWP (USDm) | GWP like-for-like growth (%)[1] | Rate change (%)[2] | Rate change outlook |
|---|---|---|---|---|
| EMEA | 17,845 | 8% | 6% | Stable |
| North America | 18,232 | 13% | 12% | Moderating |
| Asia Pacific | 3,223 | 9% | 5% | Stable |
| Latin America | 2,589 | 18% | 0% | Stable |
| Total[3] | 40,123 | 11% | 7% | Stable to moderating |

## 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 (monitored business) against the comparable prior year period.
3 Total includes Group Reinsurance and Eliminations.

# P&C BOP up 50% driven by underwriting improvements, cost discipline and improved net impact from COVID-19

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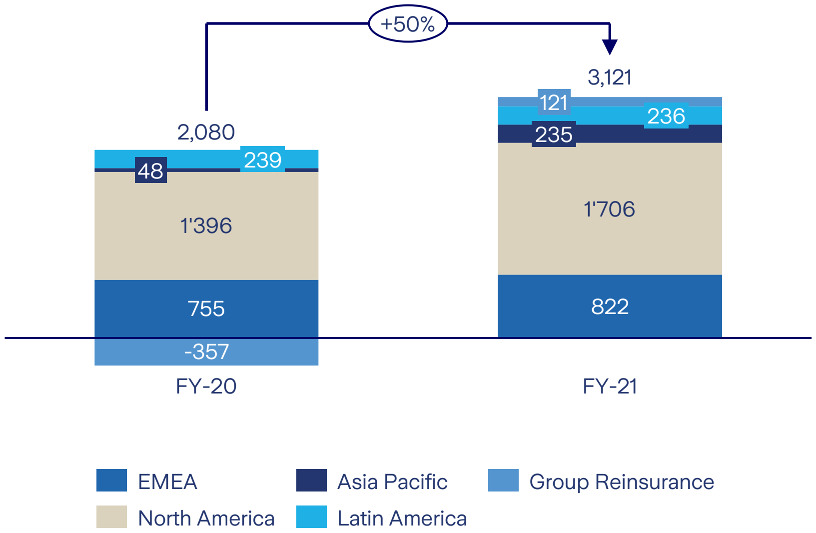
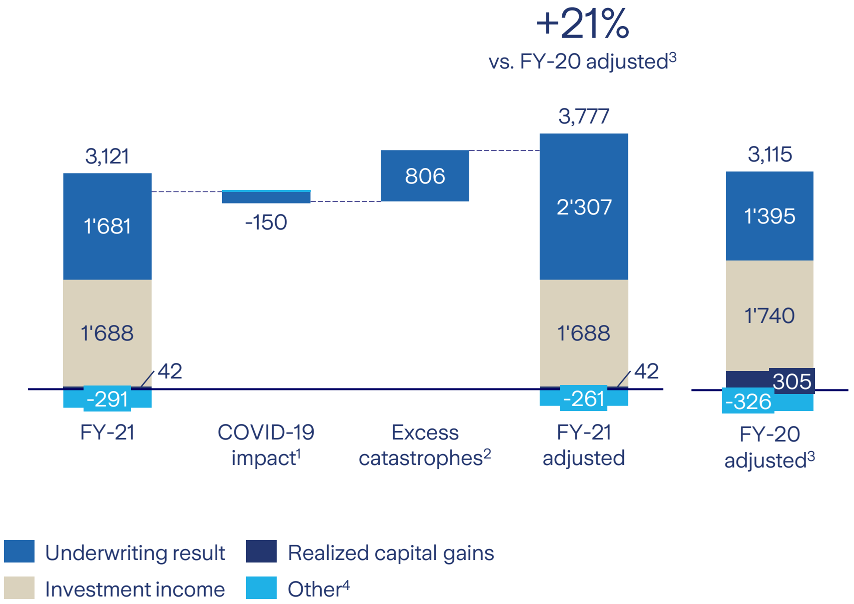
## BOP (USDm)




## BREAK DOWN BY COMPONENT (USDm)

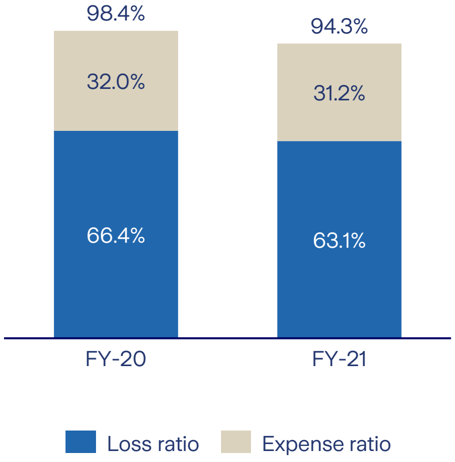



1 COVID-19 claims, frequency benefits, premium refunds, and Cover-More operating loss.
2 Catastrophes in excess of 3.5% of NEP.
3 Adjusted for COVID-19 impacts and catastrophes in excess of 3.5% of NEP.
4 Includes non-technical result and non-controlling interest.

# Portfolio quality supports continued combined ratio improvement

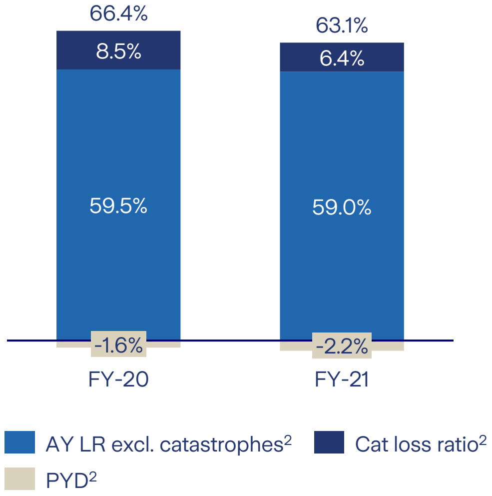
## COMBINED RATIO (%)

AY excl. Cat and COVID[1] 92.8% 90.9% -1.9ppts



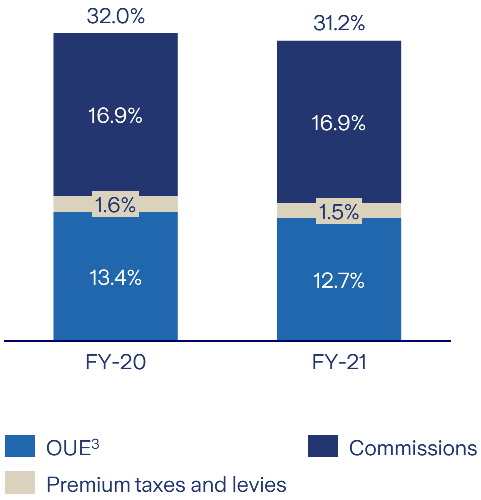

## LOSS RATIO (%)

AY excl. Cat and COVID[1] 61.1% 59.8% -1.3ppts




## EXPENSE RATIO (%)

Excl. COVID[1] 31.7% 31.1% -0.6ppts




1 COVID-19 claims, frequency benefits, premium refunds, and Cover-More operating loss included in underwriting result (more details in the appendix on page 43).
2 Accident year loss ratio (AY LR) excludes prior year reserve development (PYD). Catastrophes (Cat) include major and mid-sized catastrophes including significant weather-related events.
3 Other underwriting expenses.

# Underlying profitability improvement driven by Commercial

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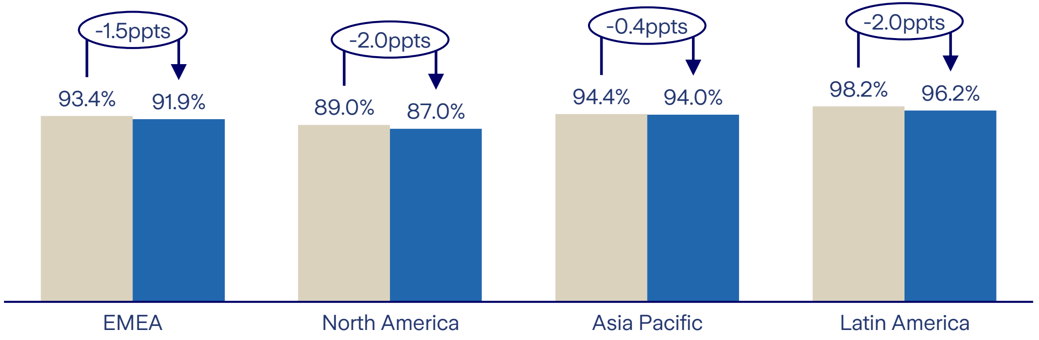
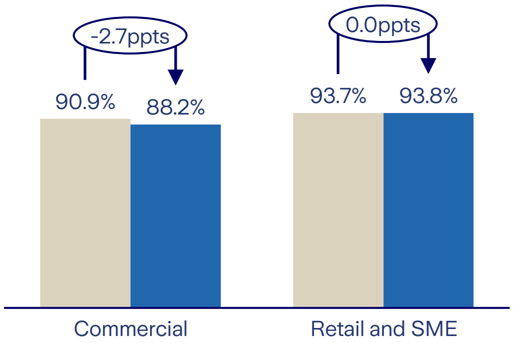
## AY COMBINED RATIO (CR) EX CATASTROPHES AND COVID BY REGION (%)[1]




| | EMEA | North America | Asia Pacific | Latin America |
|---|---|---|---|---|
| % of Group FY-21 NEP[2] | 47% | 38% | 9% | 6% |

## AY CR EXCL. CATASTROPHES AND COVID-19 BY CUSTOMER UNIT (%)[1]




| Commercial | Retail and SME |
|---|---|
| 57% | 43% |

1 COVID-19 impacts include frequency benefits, Cover-More operating loss included in accident year underwriting result, and premium refunds. Retail and SME includes USD 28m of eliminations in FY-21 (USD 11m in FY-20).
2 Excluding Group Reinsurance and Eliminations.

# Lower P&C investment result driven by reduction in portfolio yield and lower hedge fund gains

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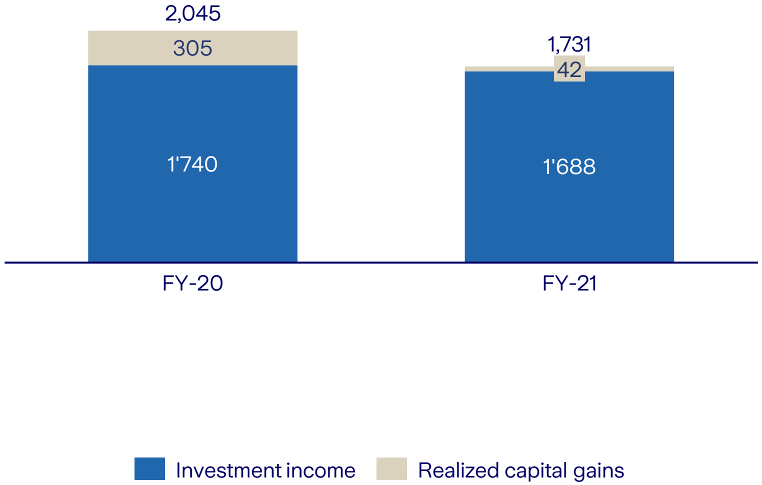
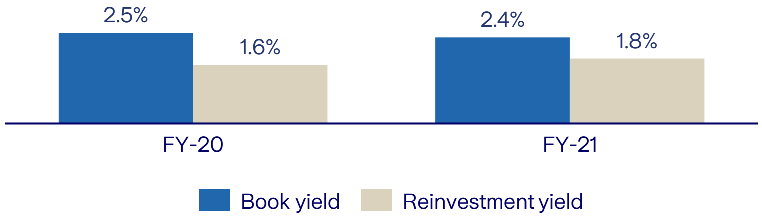
## INVESTMENT RESULT IN BOP (USDm)




## 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.

# Life BOP ex-COVID up 26%; continued focus on protection and capital light saving products supported margin improvement

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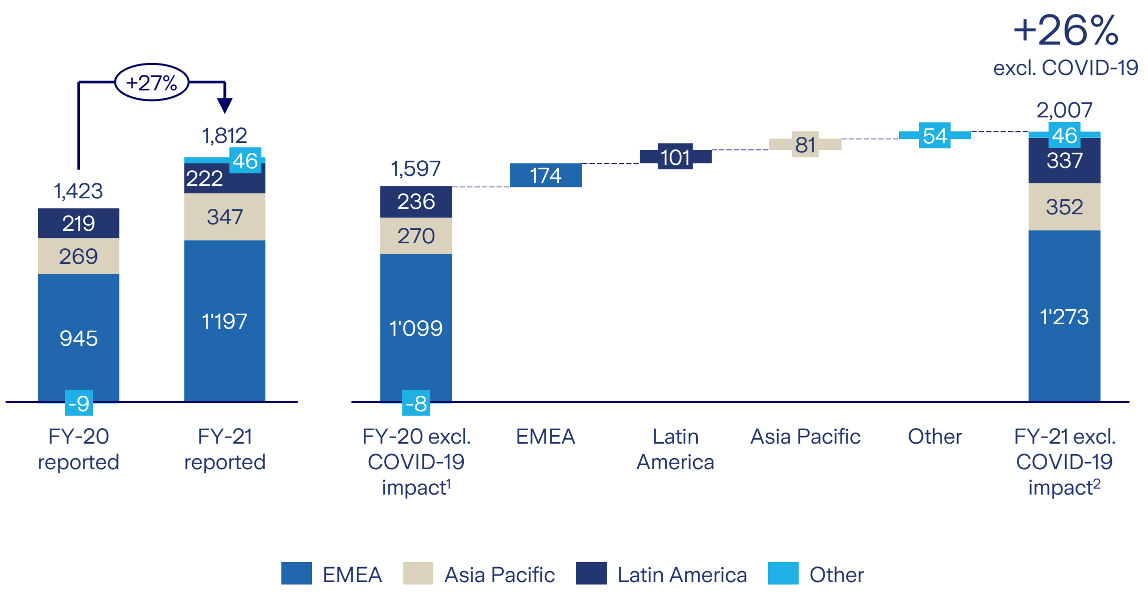
BOP (USDm)




## KEY DRIVERS

- COVID-19: FY-21 impact of USD 195m versus USD 173m at FY-20
- Switzerland: growth in individual life together with favorable claims experience
- Italy/Ireland: strong growth in unit-linked supporting AuM growth
- Germany/UK: benefited from positive one-off effects
- Latin America: profitable growth through our long-term bancassurance agreement with Santander and favorable market impacts
- Australia: benefited from re-pricing and portfolio improvement actions



1 COVID-19 impact includes excess mortality, voluntary actions, DAC and unit-linked fees.
2 COVID-19 impact includes excess mortality, higher health payments, and frequency benefits.

# EMEA and APAC with strong growth in premiums and net inflows

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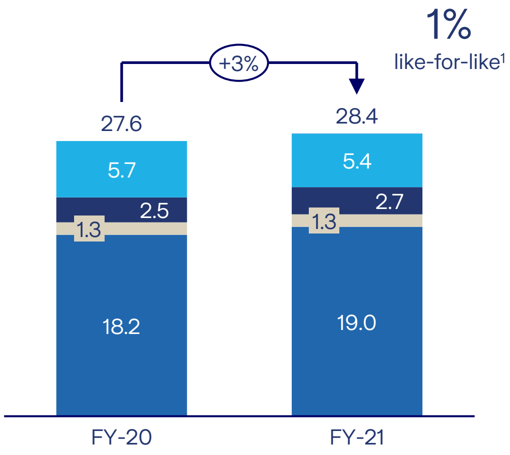
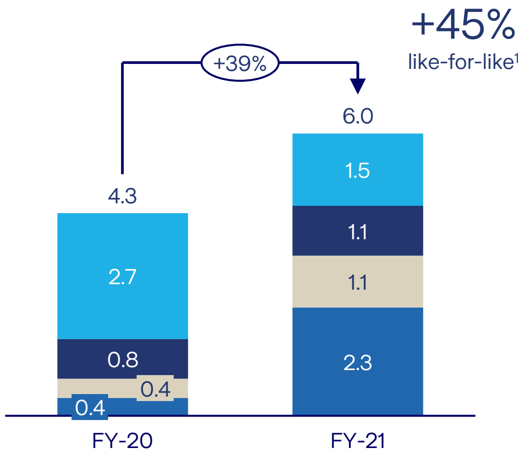
## GWP AND DEPOSITS (USDbn)

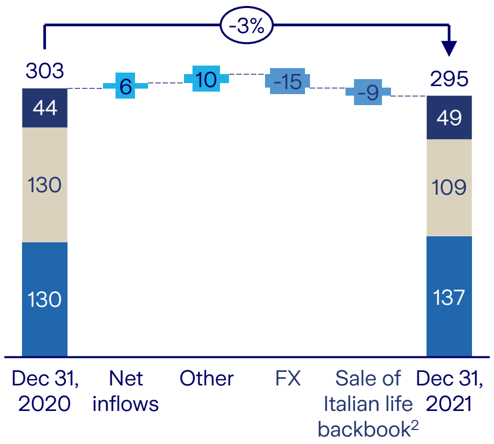



## NET INFLOWS BY SEGMENT (USDbn)




EMEA | North America | Asia Pacific | Latin America

## ASSETS UNDER MANAGEMENT (USDbn)




Unit-linked | 3rd party investments | Group investments

1 In local currency and after adjusting for closed acquisitions and disposals and reclassification of Zurich Global Employee Benefit Solutions from Life to Global Business Platforms in Group Functions and Operations.
2 Includes assets under management reclassified as held for sale related to the sale of the Italian life and pension back book, subject to regulatory approval.

# NBV up 21% on a like-for-like basis due to higher sales volumes, more favorable business mix and improved margins

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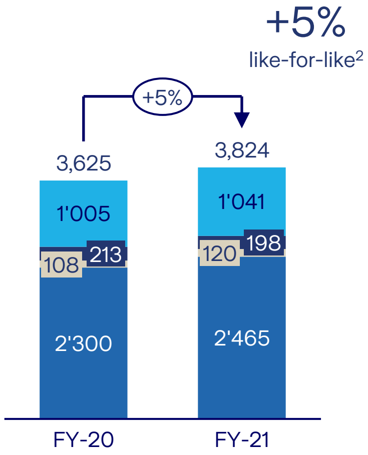
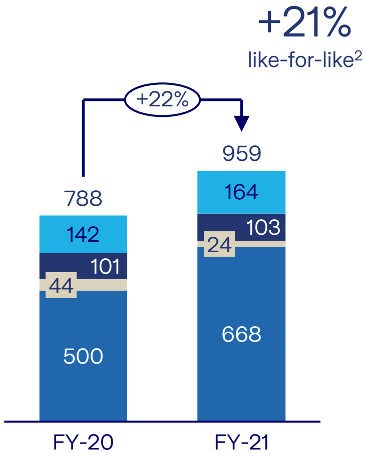
## APE (USDm)[1]

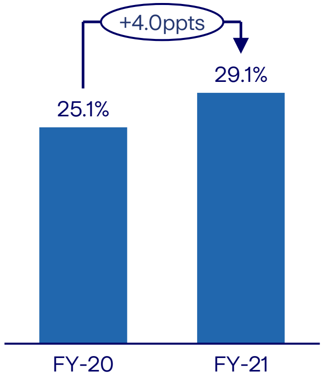



## NBV (USDm)[1]



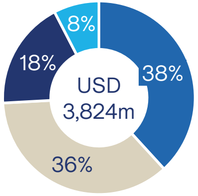

EMEA North America Asia Pacific Latin America

## NBM (%)[1]

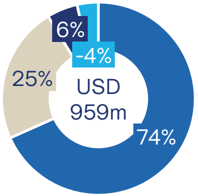



## NEW BUSINESS MIX (%)

FY-21 APE[1]




FY-21 NBV[1]

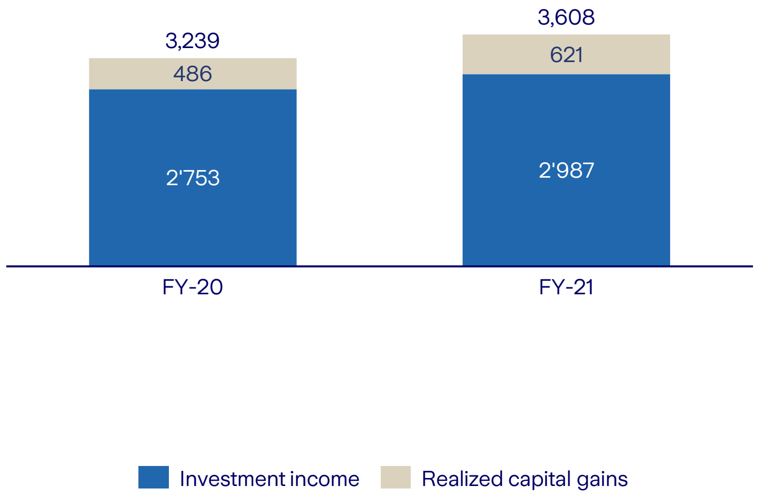



Protection Corporate savings
Unit-linked Savings & annuity

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 and reclassification of Zurich Global Employee Benefit Solutions from Life to Global Business Platforms in Group Functions and Operations.

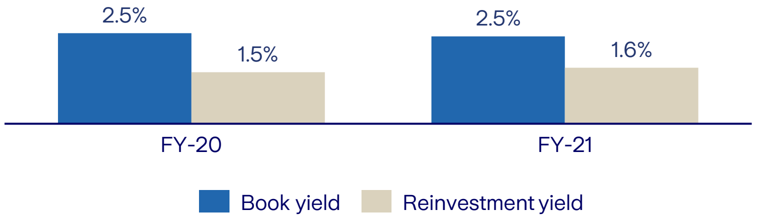
# Higher investment result in Life driven by capital gains, favorable currency movements and higher rates

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




## INVESTMENT INCOME YIELD OF GROUP INVESTMENTS (%)[2]

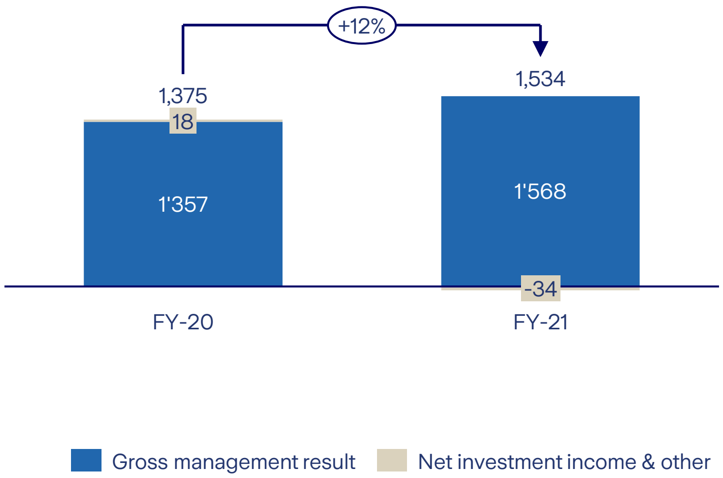

## BOOK & REINVESTMENT YIELD OF DEBT SECURITIES (%)[3]



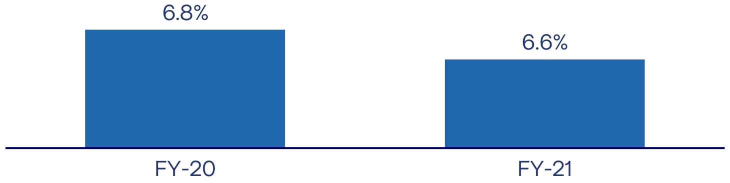

1 Gross of policyholder participation (PH).
2 Net of investment expenses. Investment income yield calculated based on average Group Investments (accounting view) during the period on an annual basis.
3 Book yield calculated as weighted-average portfolio yield of debt securities during the period on an 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.

# Growth in Farmers Exchanges[1] drives increase in fees with partial offset from lower investment income and deal costs

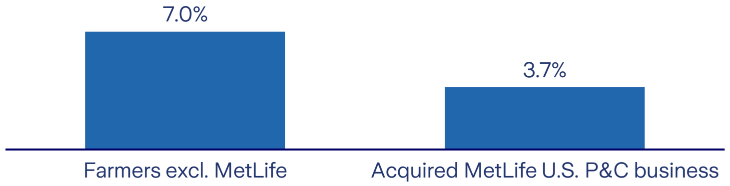
## BUSINESS OPERATING PROFIT (USDm)




## MGEP MARGIN (%)[1]




## FY-21 MGEP MARGIN BREAKDOWN (%)[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 higher APE, BOP impacted by COVID-19 mortality; Farmers Re impacted by PYD and catastrophes

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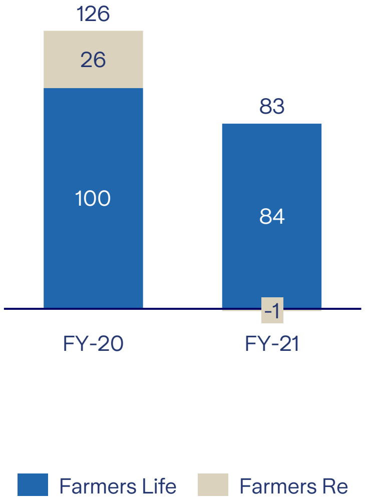
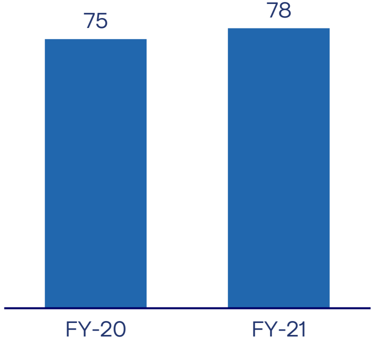
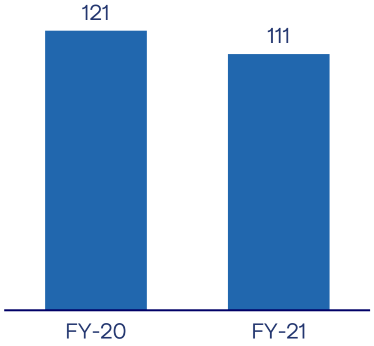
## BOP (USDm)



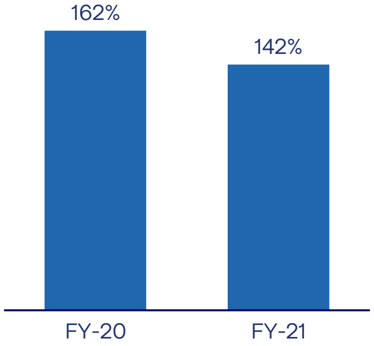

## FARMERS LIFE APE (USDm)[1]




## FARMERS LIFE NBV (USDm)[1]




## FARMERS LIFE NBM (%)[1]

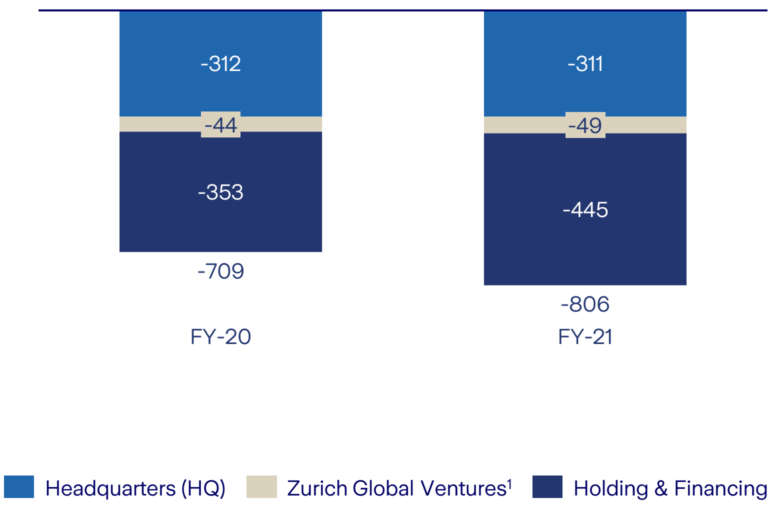




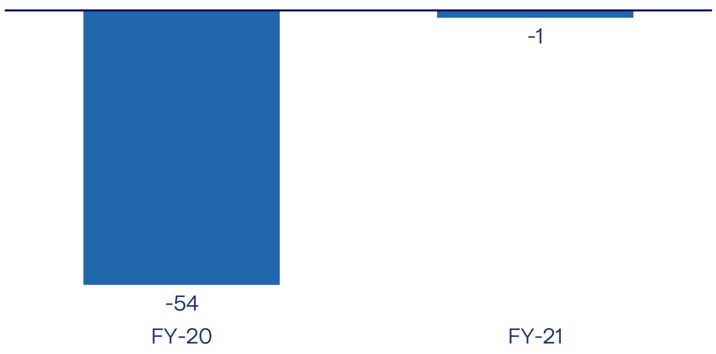

[1] Annual premium equivalent (APE); new business value (NBV) and margin (NBM).

# Increased financing costs related to MetLife transaction; Improved Non-Core Businesses from lower market volatility

## GROUP FUNCTIONS AND OPERATIONS BOP (USDm)



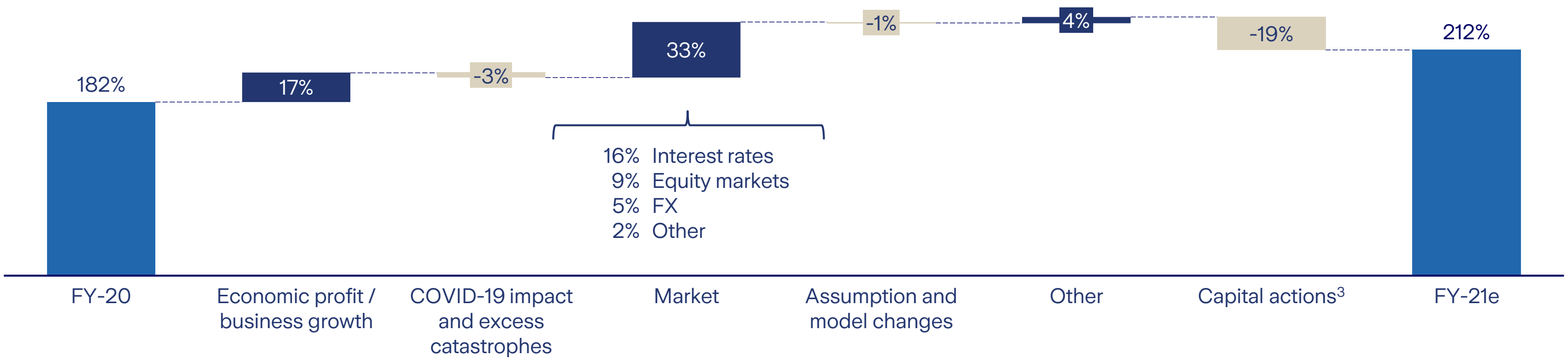

## NON-CORE BUSINESSES BOP (USDm)




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

# Strong underlying capital generation combined with favorable markets lead to increased SST ratio

SST ratio (%)[1,2]

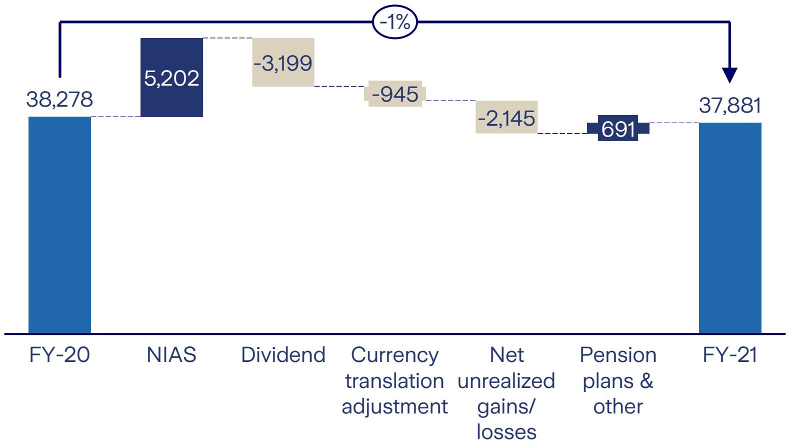



| | FY-20 | Economic profit / business growth | COVID-19 impact and excess catastrophes | Market | Assumption and model changes | Other | Capital actions[3] | FY-21e |
|---|---|---|---|---|---|---|---|---|
| AFR (USDbn)[3] | 51.9 | 5.5 | -0.7 | 2.1 | -1.8 | -0.0 | -4.4 | 52.4 |
| TC incl. MVM (USDbn)[1] | 31.1 | 0.7 | - | -3.1 | -0.7 | -0.4 | -0.0 | 27.7 |

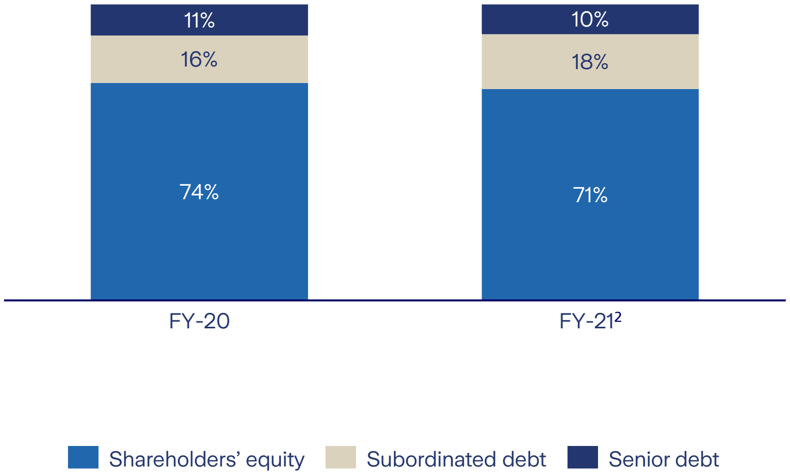
1 On Swiss Solvency Test (SST) see footnote on page 3. SST ratio is defined as: (AFR – MVM) / (TC – MVM). AFR = Available financial resources; TC = Target capital; MVM = Market value margin (FY-21e: USD 5.7bn; FY-20: USD 5.8bn).
2 Does not consider the sale of the Italian life and pension backbook, expected to add ~11ppts to the SST ratio, on a pro forma basis.
3 Capital actions include dividend payment, debt issuances and repayments, and M&A.

# Decline in shareholders' equity driven by dividend payment and lower unrealized gains

## SHAREHOLDERS' EQUITY (USDm)




## CAPITAL STRUCTURE (%)[1]




1 Based on IFRS balance sheet.
2 Includes subordinated debt of USD 1bn redeemed in January 2022.

# 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 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.

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# Appendix

# We are focused on continuing to reward our shareholders

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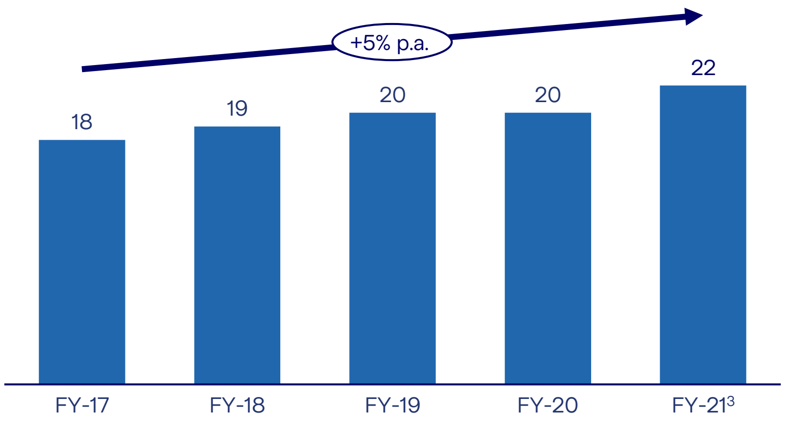
## DIVIDEND POLICY[1]

NIAS[2] payout ratio of ~75%

Dividend increases based on sustainable earnings growth

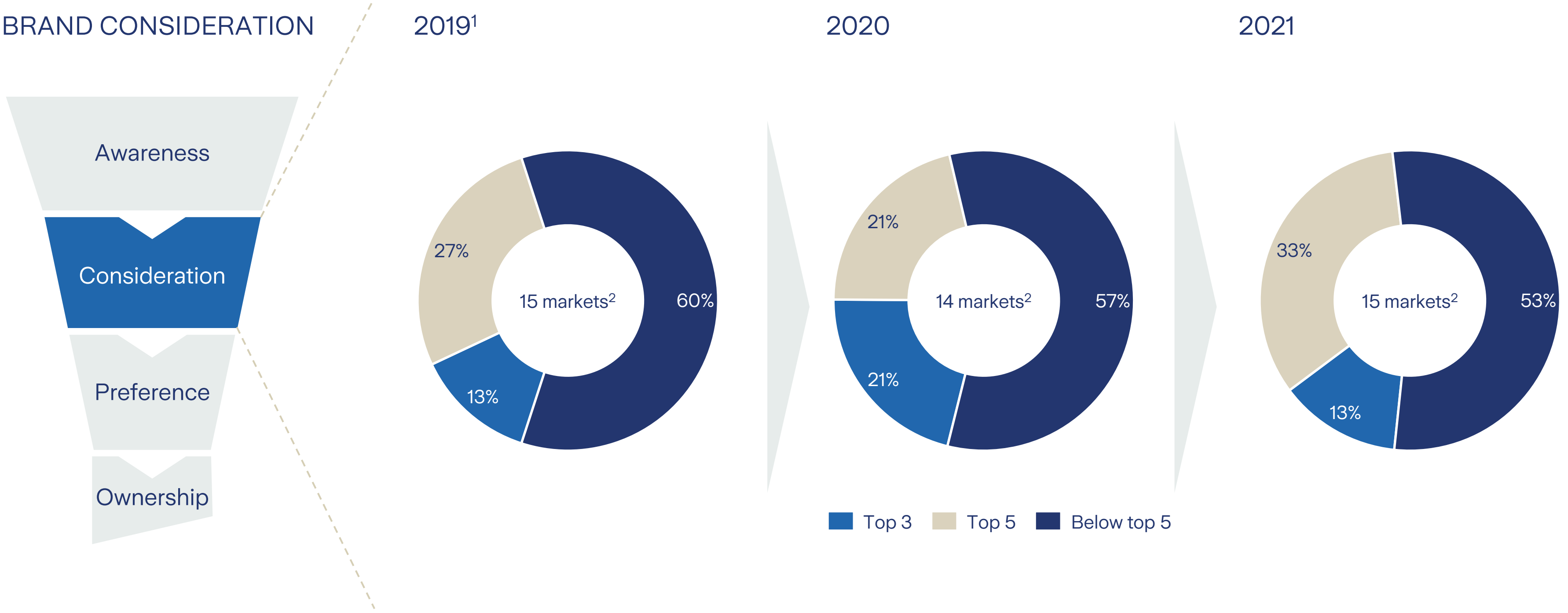
Minimum target of prior year level

## 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.
[3] Proposed dividend subject to approval by General Meeting of Shareholders.

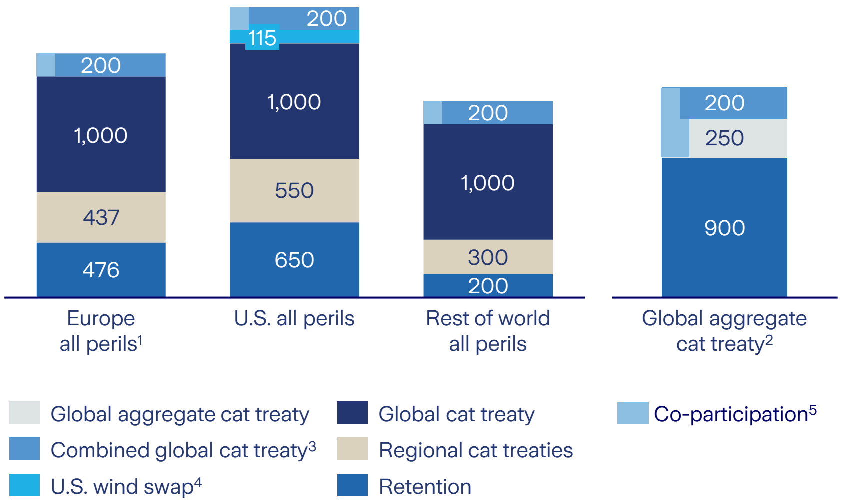
# Update on brand consideration




1 Re-calibrated on a comparable basis with 2020 and 2021. 2019 split as reported at the 2019 Investor Day: Top 3 (13%), Top 5 (33%), Below top 5 (53%).
2 Retail markets in scope: Argentina, Australia, Austria, Brazil, Germany, Hong Kong (excluding 2020), Ireland, Italy, Japan, Malaysia, Mexico, Portugal, Spain, Switzerland, UK.

# 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

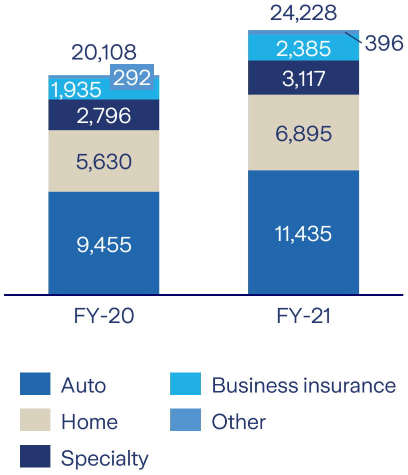
## MAIN ADDITIONAL TREATIES

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

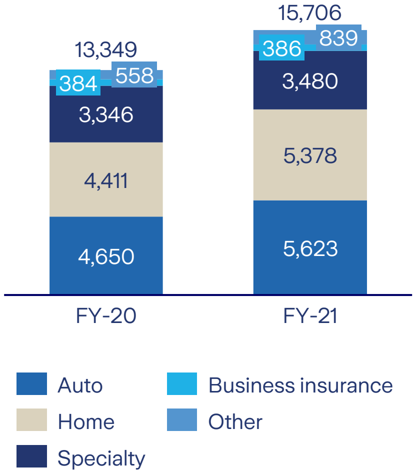
1 Europe cat treaty calculated with EUR/USD exchange rate as of January 31, 2022 (EUR 390m in excess of EUR 425m).
2 Fixed occurrence deductible of USD 35m.
3 This USD 200m cover can be used only once, either for aggregated losses or for an individual occurrence or event.
4 Only relevant for U.S. windstorms.
5 Co-participation of 42.75% applies to the USD 250m global aggregate cat treaty, 35.25% to the USD 200m combined global aggregate/occurrence cat treaty.

# All lines of businesses contributed to premium growth at the Farmers Exchanges

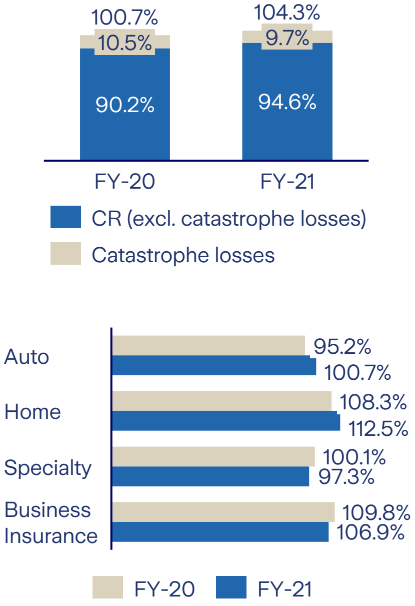
## GROSS WRITTEN PREMIUMS (USDm)



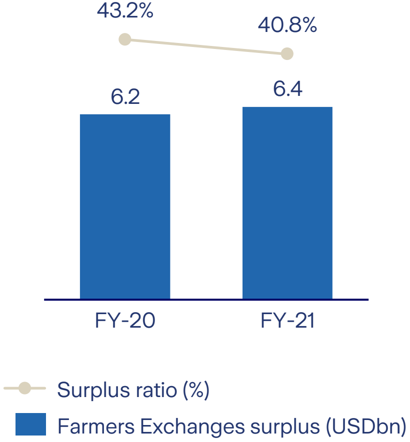

## POLICIES-IN-FORCE (000's)




## COMBINED RATIO (%)[2]



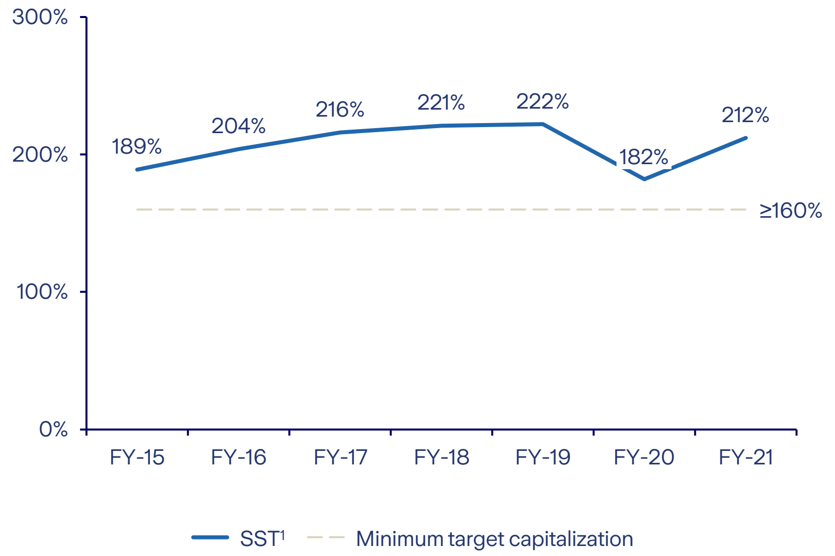

## SURPLUS[3]



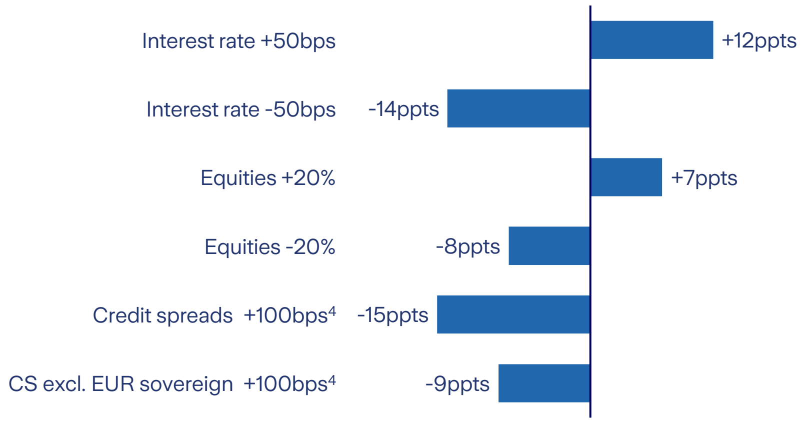

1 For all references to Farmers Exchanges see the disclaimer and cautionary statement.
2 Combined ratio before quota share reinsurance.
3 FY-21 surplus ratio on a pro-forma basis adjusted for the MetLife transaction impact.

# Very strong capital position; balance sheet resilient to market movements

## GROUP SWISS SOLVENCY TEST (%)[1,2]




## Q3-21 SST SENSITIVITIES IMPACT (ppts)[2,3]




1 On Swiss Solvency Test (SST) see footnote on page 3.
2 FY-21 SST ratio and Q3-21 SST sensitivities do not consider the sale of the Italian life and pension back book which is subject to regulatory approval.
3 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 part of the yield curve.
4 Credit Spreads (CS) include mortgages. CS sensitivities of available capital include changes to the volatility adjustment applied to interest rates curves but exclude profit sharing.

# Well diversified capital base by business segment

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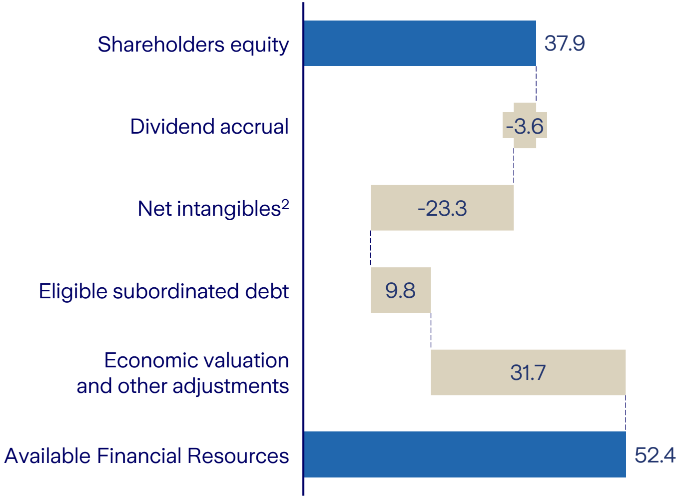
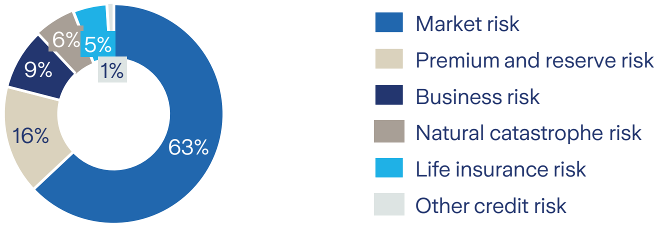
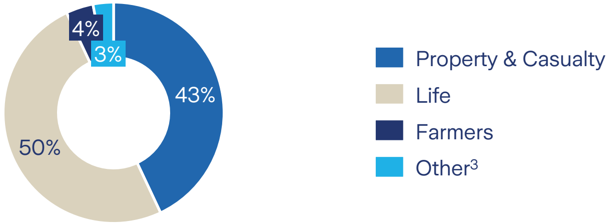
## FY-21 AVAILABLE FINANCIAL RESOURCES (USDbn)




## FY-21 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

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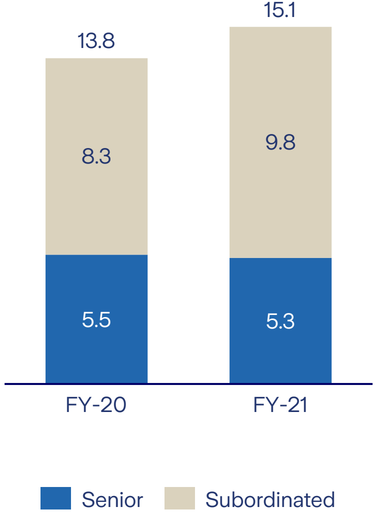
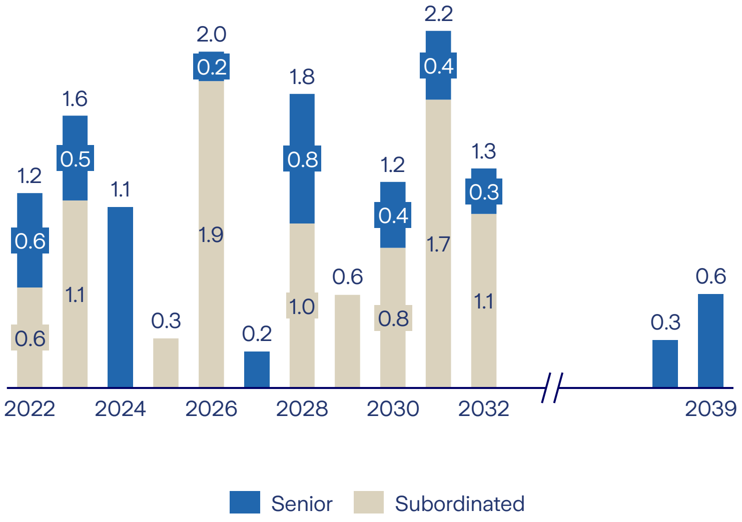
## DEBT (USDbn) AND AVERAGE DEBT COST (%)




| Average debt cost (%) | FY-20 | FY-21 |
|---|---|---|
| Subordinated | 4.2% | 4.1% |
| Senior | 1.5% | 1.6% |
| Total | 3.1% | 3.2% |

## BALANCED REFINANCING NEEDS (USDbn)[1]






1 Maturity profile based on first call date for subordinated debt and maturity date for senior debt and excludes the subordinated debt of USD 1bn redeemed in January 2022.

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

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## P&C COMBINED RATIO (%)

| KPI | FY-21 combined ratio | COVID-19 impact[1] | FY-21 combined ratio excl. COVID-19[1] |
|---|---|---|---|
| AY loss ratio (excl. catastrophes) | 59.0% | -0.8% | 59.8% |
| Catastrophes | 6.4% | 0.1% | 6.2% |
| PYD | -2.2% | 0.0% | -2.2% |
| Loss ratio | 63.1% | -0.7% | 63.8% |
| Expense ratio | 31.2% | 0.1% | 31.1% |
| Combined ratio | 94.3% | -0.6% | 94.9% |

## LIKE-FOR-LIKE GROWTH

| KPI | FY-20 (USDm) | | | FY-21 (USDm) | | | | L-F-L[3] (%) |
|---|---|---|---|---|---|---|---|---|
| | Rep | M&A | Adj | Rep | FX | M&A[2] | Adj[2] | |
| P&C GWP | 35,518 | -66 | 35,452 | 40,123 | -658 | -201 | 39,264 | 11% |
| Life GWP / deposits | 27,616 | -442 | 27,174 | 28,353 | -731 | -119 | 27,503 | 1% |
| Life net inflows | 4,310 | -146 | 4,163 | 6,002 | 50 | -33 | 6020 | 45% |
| Life APE | 3,625 | -51 | 3,574 | 3,824 | -65 | 0 | 3,758 | 5% |
| Life NBV | 788 | -12 | 776 | 959 | -23 | 0 | 936 | 21% |
| FMS BOP | 1,375 | 0 | 1,375 | 1,534 | 0 | -90 | 1,444 | 5% |

1 COVID-19 claims, frequency benefits, premium refunds, and Cover-More operating loss included in underwriting result.
2 In constant rates.
3 Like-for-like.

# Commentary

# Page 3: Key messages (1/2)

The Group's disciplined approach to underwriting and a favorable market backdrop led to a strong recovery in business operating profit exceeding pre-COVID levels. Business operating profit (BOP) increased 35% compared to the prior year and 8% compared to 2019, driven by strong underlying results, reduced impact from COVID-19 and favorable FX movements, which more than compensated for a higher level of weather and natural catastrophe events.

Improved customer metrics supported growth in the year. The Group continued to execute on its customer focused strategy, with this leading to a further increase in Net Promoter Score in most of the Group's largest retail markets. As a consequence of this strategy, the number of customers increased by 2.2 million to just over fifty-five million, supporting strong growth in retail property and casualty business (P&C) and improved life sales.

The Group's P&C business is well placed for continued success. The reshaping of the Group's portfolio over previous years together with continued disciplined underwriting have positioned the Group well to benefit from the current upswing in the pricing cycle. Gross written premiums increased 11% on a like-for-like basis, adjusting for FX movements, acquisitions, and disposals, with growth across both retail and commercial lines. The Group's combined ratio improved to 94.3%, the lowest level in the past 15 years, despite around 3 percentage points of natural catastrophe losses in excess of normal levels. The reduction was driven by an underlying improvement in underwriting profitability, as higher prices earned into the results, increased reserve releases, as well as an improved net impact from COVID-19 compared to the previous year.

The Group's Life business continued to execute on its strategy of focusing on protection and capital light savings business. This strategy supported improved margins and a strong full year performance, with Life BOP of USD 1,812 million up 27% versus the prior year. On a like-for-like basis, business operating profit grew 20% driven by portfolio management actions and favorable claims experience which led to margin improvements in Asia Pacific and Europe, supported by profitable growth in Latin America and Europe. Other drivers were positive one-off benefits of around USD 150 million and favorable market impacts. The quality of new business growth remained high with more than 90% of annual premium equivalent (APE) sales from protection and capital light savings products. Life APE sales production returned to growth with 5% increase on a like-for-like basis, while new business value improved by 21% on the same basis.

# Page 3: Key messages (2/2)

Growth accelerated at Farmers Exchanges. Improved agency performance and customer metrics supported growth at the Farmers Exchanges, with growth of gross written premiums up 7% on a like-for-like basis and 20% including the acquired MetLife U.S. P&C business.

Business operating profit at the Zurich owned Farmers businesses rose 8%. Growth at Farmers Management Services was 12% including 7 points from the first-time inclusion of the acquired MetLife U.S. P&C business. This was partially offset by a decline in business operating profit at both Farmers Life and Farmers Re due to higher mortality related to COVID-19, combined with catastrophe losses and adverse prior year development at Farmers Re.

The Group's SST capital ratio improved by 31ppts over 2021 to a very strong 212%, well above the Group's target level of 160% or above.

# Page 4: Key highlights – Group on track to meet or exceed 2022 targets

The Group is on track to meet or exceed the 2020-2022 financial targets.

- The annualized 2021 BOPAT ROE equated to 14.0% as reported including above normal levels of natural catastrophe losses and COVID-19 related items.
- Cash remittances for 2021 amounted to USD 4.4 billion, with the cumulative cash remittances over the past two years expected to be in-line with the run-rate to achieve the target for the 2020-2022 period of in excess of USD 11.5 billion.
- The Group's diluted earnings per share grew 7.3% p.a. since 2019 to CHF 31.68 in 2021. Based on current earnings trends management remains confident of achieving the target of at least 5% p.a. compound growth by 2022.
- As of Q4-21, the Group's Swiss Solvency Test ratio was estimated at 212%, well in excess of the Group's SST target capital ratio of 160% or above.

# Page 5: Key highlights - Execution of Group strategy drives strong performance across all businesses; FY-21 BOP at pre-pandemic levels

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Group profitability rebounded strongly in the year exceeding pre-pandemic levels despite higher natural catastrophe losses and continued COVID-19 related impacts. FY-21 Group BOP was 35% higher than in FY-20, with the increase driven by strong underlying improvement in both P&C and Life.

P&C gross written premiums were 13% above the level of 2020. Life APE was 5% higher compared to the level of 2020, adjusting for disposals and reclassifications, while gross written premiums of the Farmers Exchanges were 7% higher after adjusting for the acquired MetLife U.S. P&C business.

The strength of the results across all business lines demonstrates the success of the Group's strategy and positions the Group well for continued growth and to achieve the Group's 2022 targets.

# Page 6: Key highlights - Robust growth Commercial and Retail and SME Insurance, driven by higher premium rates and net new business

The Group’s P&C gross written premiums rose 11% in FY-21 on a like-for-like basis, after adjusting for currency movements and closed acquisitions and disposals, with robust growth both in Commercial Insurance and Retail and SME.

In Commercial Insurance, growth was driven by higher premium rates and net new business, partially offset by lower exposure resulting from tighter terms and conditions, as the Group continued to focus on portfolio quality, and customers actively managing their insurance spend.

In Retail and SME growth was primarily driven by net new business, as the Group continued to increase its customer base.

# Page 7: Key highlights – In Retail, increased customer satisfaction drives higher retention and net customer growth

Through 2021, the Group maintained its priorities of protecting employees through the pandemic while supporting customers and the communities in which it operates; and executing on the Group's customer focused strategy. As a result of this strategy, the Group has continued to see further improvements in the net promoter scores of almost all of its main retail business.

As previously indicated, management believes that the net promoter score is a lead indicator of higher retention and growth for retail insurance. In 2021 retail premium retention levels increased in all regions, and the Group added 2.2 million net new retail customers, equivalent to customer growth of over 4 percent since the beginning of the year, of which about 1.6 million in the second half.

As indicated at the 2019 Investor Day, the Group has also published an update on brand consideration, available on page 36 in the appendix.

# Page 8: Key highlights – Disciplined execution drives outstanding financial results in Commercial Insurance

The Group's leading Commercial Insurance business, which represents 67% of the Group's P&C gross written premiums, delivered outstanding financial results in 2021, and we have a positive outlook for 2022. Actions taken in 2016-2019 positioned the Group well to take advantage of the current improvement in global commercial lines pricing, and delivered balanced growth, improved profitability and lower volatility.

Net earned premiums increased 13% in constant FX. Rate increases remained strong in all regions and well ahead of claims inflation. The combined ratio has improved by 13 percentage points since 2017 to 94% in FY-21, with improvement across all regions, and large losses volatility has reduced. As a result, the Commercial Insurance contribution to Group BOP improved steadily with the stronger underwriting result more than offsetting lower investment result.

# Page 9: Key highlights – Strong Life result from continued execution of long-term strategy to focus on protection and capital light savings products

The Group’s Life business delivered a strong performance in 2021 with continued focus on the execution of its long-term strategy to grow protection and capital light savings products. New business production returned to growth with an increase in annual premium equivalent (APE) sales of 5% on a like-for-like basis, benefiting from strong sales growth through the independent financial adviser, broker, and agency channels, as well as the Group’s bancassurance partners in Latin America and Spain. Growth was driven primarily by higher APE sales volumes in unit-linked and protection products, which together with corporate savings business, accounted for more than 90% of APE sales in 2021.

New business value of USD 959 million improved by 21% compared to prior year on a like-for-like basis, benefiting from favorable sales mix towards protection and unit-linked business and higher volumes in EMEA, Latin America and North America. On a reported basis NBV improved by 22%.

Business operating profit of USD 1,812 million was 27% above the prior year on a reported basis. On a like-for-like basis adjusting for currency movements, acquisitions and disposals, Life BOP improved by 20%, benefiting from the continued execution of the Group’s strategy to focus on capital light products. This, together with portfolio improvement actions and favorable claims experience, led to margin improvements, which were supported by profitable growth in Latin America and Europe, positive markets, and favorable one-off effects.

# Page 10: Key highlights Farmers Exchanges - Growth in exclusive agents and improved productivity together with MetLife acquisition drive growth in gross premiums

Key customer metrics continued to improve on account of the Farmers Exchanges' customer focused strategy, with a further increase in Net Promoter Score, while retention remained stable compared with the prior year.

The Farmers Exchanges continued to strengthen their agency channel and invest in direct capabilities. As a result of these actions, the exclusive agency force grew by 2% compared to the prior year, while overall productivity increased. Strengthened sales capabilities across all channels led to higher new business sales.

Gross written premiums at the Farmers Exchanges increased 20%. Excluding the contribution of the MetLife U.S. P&C transaction which closed at the beginning of April 2021, gross written premiums increased 7%.

# Page 11: Key highlights – Accelerating our ambition and our delivery for a sustainable future

The experience of the global pandemic has shown the urgency of tackling the climate, social and technological challenges.

During the last year, we have increased our focus on these topics and have established ambitious decarbonization goals for our operations and investment portfolios.

We have strengthened our ambition to reduce exposure to the most CO2 emitting industries fully phasing out of thermal coal from our insurance portfolio by 2030 in the developed world and by 2040 in emerging economies and to no longer underwrite new greenfield oil exploration unless there is a credible transition plan in place.

The support provided to our employees during the pandemic and our long-term goal to increase diversity and enhance training and career opportunities have maintained employee satisfaction at its highest levels since 2017.

We are increasing the transparency in our ESG reporting as part of the Integrated Sustainability Disclosures that will be published in the Annual Report on March 11.

# Page 12: Key highlights – We are executing on our strategy to improve our return on capital in P&C and Life

As we highlighted at our 2021 Investor Day the Group continues to look for opportunities to improve capital allocation. We noted that parts of our traditional life business produce lower returns than the Group average and also drive economic volatility in certain market conditions – in particular through rates and credit risk.

In January we announced the sale of our Italian life and pension back book which upon closing of the transaction should release USD 1.2 billion of SST target capital requirement principally through reducing credit risk. On a pro-forma basis this will increase the Group's SST ratio by 11 ppts.

Our priority for capital released from any optimization transactions will be to address any earnings dilution that may arise. Beyond this, we will look to allocate capital to opportunities that will drive growth in earnings and dividends.

# Page 13: Key highlights – Continued strong cash remittance; CHF 22 dividend proposed

During 2021, the Group continued to successfully convert earnings into distributable cash with overall Group remittances of USD 4.4 billion equivalent to more than 80% 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 in certain business units. Cash remittances from P&C were USD 0.9 billion higher than previous year reflecting higher operating earnings. 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 dividend of CHF 22 per share, representing a 10% increase. It is proposed that CHF 1.65 will be paid out of the remaining capital contribution reserve with the balance of CHF 20.35 paid out of Group retained earnings.

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# Page 16: Group – Business Operating Profit

Overall Group business operating profit increased strongly in 2021, with BOP growing 35%. Growth came from a strong underlying performance. The reduced impact from the COVID-19 pandemic more than offset higher weather and natural catastrophe losses.

Business operating profit in EMEA improved 19% in 2021 due to underlying improvement particularly in Commercial Insurance and reduced effects from the COVID-19 pandemic as well as a strong performance from the Life business. Zurich North America saw growth of 25% as a result of improved profitability in Commercial Insurance, favorable prior year development and reduced COVID-19 claims which more than compensated for higher natural catastrophe losses. Farmers grew by 8% which was aided by the acquisition of the MetLife U.S. P&C business. The Group's Asia Pacific business grew 84% driven by stronger profitability in the Australian life business and improved profitability in property and casualty business despite continued weakness at Cover-More, the Group's global travel insurance business. Earnings in Latin America remained stable largely due to adverse currency movements and higher excess mortality claims linked to the pandemic offsetting an overall improved business performance.

By business, P&C earnings increased 50% reflecting a combination of underlying underwriting improvement, increased prior year development, top-line growth, and an improved net impact from COVID-19, which together served to offset higher natural catastrophe losses. The BOP of the Group's Life business saw a 27% increase compared to 2020 driven by an improved underlying performance together with favorable market and positive one-off impacts, while the impact of COVID-19 was slightly above the prior year level. Farmers' results improved compared to 2020 with higher results at Farmers Management Services offsetting a weaker result at Farmers Life and Farmers Re. Costs related to Group Functions and Operations were higher in 2021 mainly due to financing costs related to the MetLife U.S. P&C business acquisition and unfavorable currency movements.

# Page 17: Group – Net income attributable to shareholders

Net income attributable to shareholders (NIAS) increased by 36% in 2021, driven by the growth in BOP and higher net realized gains on equities and real estate, which more than offset slightly higher charges for other items.

Net realized gains amounted to USD 1,547 million for 2021, compared to USD 1,080 million for 2020 and an expected run-rate view of USD 400 million to USD 500 million.

The effective tax rate was below normal expectations at 23.0% compared to 23.9% in prior year. The improvement was driven by a more favorable business and geographic mix of earnings.

# Page 18: Group – Outlook

P&C: The Group expects pricing to remain ahead of loss cost inflation in 2022, albeit with a likely moderation in the level of price increases especially in North America, which had seen double digit increases for two consecutive years. Pricing is expected to drive further improvement in underlying profitability and sustain mid-to-high single digit growth in net earned premiums in 2022.

The Group is focused on managing the volatility of underwriting results, with a range of actions well underway to reduce exposure to natural catastrophe losses, as presented at the 2021 Investor Day. We anticipate that the execution of these actions will further reduce volatility and avoid any significant rise in our exposure to catastrophe losses.

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 2022 expected to be in the region of USD 50 million.

The P&C net non-technical loss is expected to be more in line with its normal run-rate of around USD 200 million, benefiting from a further improvement in the Cover-More operating result.

Life: Subject to market developments, Life BOP excluding Farmers is expected to see mid-single digit growth for 2022 relative to the reported BOP of 2021. Mortality claims related to COVID-19 are expected to fall.

Farmers: Gross written premium development at the Farmers Exchanges is expected to be in the high-single digits, while the Managed Gross Earned Premium margin of Farmers Management Services (FMS) is expected to remain around 7% excluding impacts from the MetLife U.S. P&C business acquisition.

Charges for Group Functions and Operations are expected to be in the range of USD 800-850 million for the full year, with this expected to remain in a similar range in future years.

Restructuring charges: For 2022, restructuring charges and other costs recognized outside of BOP are expected to at a similar level compared to 2021.

Tax: Based on current global tax rates, the Group effective tax rate for 2022 is expected to be around 24% to 25%.

# Page 19: P&C – Top-line

Property & Casualty gross written premiums marked a record high level of USD 40,123 million of for 2021, up 11% year on year on a like-for-like basis, after adjusting for currency movements and closed acquisitions and disposals. In U.S. dollar terms, gross written premiums rose 13%, with growth amplified by favorable currency movements.

Growth was supported by higher premium rates, driven by increases in Commercial Insurance across all regions. The Group's leading North American crop insurance business contributed about 2 percentage points to the overall P&C gross written premium growth as a result of higher prices for agricultural commodities.

Net earned premiums rose 10% on a like-for-like basis and 12% in U.S. dollars benefiting from the earn through of growth in gross written premiums.

In EMEA, gross written premiums increased 8% on a like-for-like basis compared with the previous year. In Retail, growth was driven by both personal lines and SME business, and benefited from a normalization of economic activity compared with the previous year. In Commercial Insurance, gross written premiums grew in all major markets, most notably in Switzerland and the UK, supported by rate increases.

North America grew 13% on a like-for-like basis compared to the previous year, with crop insurance contributing about 4 percentage points to growth as a result of higher prices for agricultural commodities. Growth benefited from rate increases of 12%, as well as higher retention and new business.

In Asia Pacific, gross written premiums rose 9% on a like-for-like basis compared to the previous year. This was driven by growth in Retail business most notably in Japan and Australia, which benefitted from a partial recovery of travel insurance, as well as growth in Commercial Insurance.

In Latin America, gross written premiums rose 18% on a like-for-like basis, with a strong rebound in all major businesses from the relatively low levels recorded in 2020 as a result of COVID-19-related restrictions.

# Page 20: P&C – BOP components

FY-21 P&C BOP was USD 3,121 million, 50% higher than in the previous year. The increase was driven by underlying improvement in underwriting profitability, as higher prices earned into the results, increased prior year development, top-line growth, as well as an improved net impact of COVID-19 compared to the previous year. In FY-21, lower claims frequency associated with COVID-19 restrictions more than offset the impact of COVID-19 related claims, operating losses in Cover-More, the Group's specialist travel and assistance provider, and voluntary actions to support customers. This resulted in a favorable impact of USD 150 million, compared to a USD 544 million adverse impact in FY-20.

The year saw an elevated level of natural catastrophe and weather-related claims. According to Swiss Re Institute, natural catastrophes caused estimated global insured losses of USD 105 billion in 2021, the fourth highest since 1970. Major events included Storm Uri and Hurricane Ida in the U.S., flooding in Germany and a series of other weather events in Europe. For the Group this resulted in USD 806 million of catastrophe losses in excess of the anticipated level of 3.5% of NEP.

Investment income was USD 52 million below prior year levels driven by the earn through of lower yields. The performance of the Group's hedge fund portfolio led to realized capital gains of USD 42 million, compared to USD 305 million in the previous year.

The net non-technical loss of USD 183 million compares to a loss of USD 302 million in the previous year. The improvement was primarily driven by a gain from the disposal of a real estate asset previously held for own use. The net non-technical result also included USD 30 million of losses in Cover-More, compared to USD 46 million in FY-20, with a further loss of USD 27 million recognized within the underwriting result.

# Page 21: P&C – Combined ratio details

The FY-21 combined ratio of 94.3% was 4.1 percentage points better than in the previous year. This was driven by a 1.9 percentage points improvement in the accident year combined ratio excluding catastrophes and COVID-19, as well as more favorable prior year development, and 0.6 percentage points of frequency benefits, net of the impact of COVID-19 related claims, Cover-More operating losses, premium rebates and voluntary actions to support customers, compared to an adverse COVID-19 impact of 1.8 percentage points in the previous year.

The accident year loss ratio excluding catastrophes improved by 0.6 percentage points to 59.0%, reflecting 1.3 percentage points of underlying improvement driven by the earn through of rate increases, partially offset by a lower contribution from COVID-19 frequency benefits net of premium rebates and voluntary actions, which declined from USD 371 million in FY-20 to USD 253 million in FY-21.

Catastrophes and weather-related losses totaled 6.4% in the full year, compared to a catastrophe loss ratio of 8.5% in FY-20, or 5.3% excluding COVID-19 claims.

Prior year development of 2.2% was slightly above the indicated 1-2% range. All regions had favorable development, most notably North America driven mainly by workers compensation. Despite the higher prior year development, overall Group reserve strength increased over the year.

The expense ratio of 31.2% was 0.8 percentage points lower than in the previous year, mainly driven by an improvement of the other underwriting expense ratio reflecting continued expense discipline and top-line growth. COVID-19 did not have a material impact, while the previous year was affected by the volume impact of premium refunds.

# Page 22: 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 net of premium rebates and voluntary actions to support customers during the pandemic. The reduction was driven by loss ratio, with all major countries contributing to the improvement.

In North America, the accident year combined ratio ex-catastrophes, excluding the above mentioned COVID-19 impacts, improved by 2.0 percentage points to 87.0%, driven by both loss and expense ratio. Crop insurance accident year ex-catastrophes combined ratio in FY-21 was better than the normal expectation of around 95%. Excluding crop insurance, North America accident year combined ratio ex-catastrophes and COVID-19 improved by close to 1.5 percentage points year on year.

The Asia Pacific accident year combined ratio ex-catastrophes and excluding COVID-19 improved by 0.4 percentage points to 94.0% with the higher loss ratio driven by changes in business mix and adverse experience in commercial, more than offset by improved expense ratio.

In Latin America, the accident year combined ratio ex-catastrophes and excluding COVID-19 was 96.2%, 2.0 percentage points better than in the previous year, with the improvement driven by expense ratio, reflecting changes in business mix and a reduction of other underwriting expenses.

Commercial Insurance continued to deliver strong underlying performance, with the accident year combined ratio excluding catastrophes and COVID-19 impacts improving by 2.7 percentage points to 88.2% benefiting from the earn through of rate increases.

For the Retail and SME business, the accident year combined ratio excluding catastrophes and COVID-19 remained strong at 93.8%, with a modest increase in loss ratio offset by improved expense ratio.

# Page 23: P&C – Investment result

Investment income was USD 52 million below prior year mainly due to lower investment yields. Realized capital gains of USD 42 million were USD 262 million below the 2020 result driven by a less favorable hedge funds performance.

The book yield for debt securities reduced by 0.1ppts to 2.4% while reinvestment rates on debt securities increased by 0.2ppts to 1.8%. The gap between book yield and reinvestment rate for debt securities decreased from 0.9bps to 0.6bps throughout the year mainly because of recovering yields in the U.S.

# Page 24: Life – Business operating profit

The Group's Life business delivered a BOP of USD 1,812 million, 27% ahead of the prior year. Excluding COVID-19 effects, Life BOP grew 26% 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 supported by profitable growth in Latin America and Europe and positive markets. Other drivers were positive one-off benefits of around USD 150 million which were largely related to EMEA driven by favorable reserve releases, assumption updates and other one-offs. We continue to actively manage our business and look for opportunities to extract value from our in-force portfolio.

In EMEA, Life BOP improved by 27% to USD 1,197 million on a reported basis. Adjusted for COVID-19, Life BOP increased by 16% to USD 1,273 million. Switzerland's BOP improved as a result of growth in higher-margin individual life business together with a positive claims experience largely related to a favorable reserve release. Italy and Ireland delivered strong and profitable growth in unit-linked products and benefited from favorable market impacts. Germany's BOP increased due to favorable economic assumption updates and other positive one-offs, while the UK benefited from loss reserve reviews and profitable growth in protection.

In Latin America, BOP increased 1% to USD 222 million on a reported basis. Excluding COVID-19 claims, BOP grew by 43% driven by profitable sales through Zurich Santander together with a positive run-off development of a large corporate protection scheme in Chile benefiting from favorable market conditions.

Asia Pacific contributed a BOP of USD 352 million, up 81 million versus the prior year excluding COVID-19 effects. The performance improved significantly due to re-pricing and portfolio improvement actions in Australia and better investment returns.

In North America, which is reported under Other and excludes Farmers Life, BOP increased by USD 43 million on a reported basis due to better claims experience and the sale of the group life business.

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

In the Group's Life business, gross written premiums and deposits were up 3% in 2021 compared to the prior year on a reported basis, and relatively flat on a like-for-like basis, adjusting for currency movements, acquisitions, and disposals.

Net inflows of USD 6.0 billion were 39% higher than in the prior year. On a like-for-like basis net inflows increased by 45%, mainly benefiting from growth in EMEA, North America and Asia Pacific.

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 the impact of favorable market developments and positive net inflows.

# Page 26: Life – New business and new business mix

During 2021, Life new business annual premium equivalent (APE) sales increased by 5% 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% higher.

In EMEA, APE sales increased by 5% 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 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, as well as by lower sales of traditional life products in Germany and Italy.

APE sales in Latin America increased 7% 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 run-off of a large corporate life and protection account in Chile.

In North America, APE sales increased 35% on a like-for-like basis, excluding the group 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% 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 at 29.1% as reported and on a like-for-like basis. New business value (NBV) went up 21% 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%.

The Group continues to focus on protection, unit-linked and corporate savings business, with these products accounting for more than 90% of APE sales. Protection business contributed around 75% of the total NBV.

# Page 27: Life – Investment result

The Life investment result, which is gross of policyholder sharing, increased by 11% to USD 3.6 billion, driven by higher capital gains, favorable FX movements and higher rates compared to prior year.

# Page 28: FMS – Overview

Farmers Management Services (FMS) BOP increased 12% compared to the prior year and 5% 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 in the premium base of the Farmers Exchanges.

The managed gross earned premium margin for the full year was 6.6% while the underlying business returned to the usual level of 7%.

As indicated at the time of the announcement of the MetLife U.S. P&C acquisition, the net margin on the acquired business was lower than for the existing Farmers business, reflecting a combination of higher initial expense levels and integration costs related to achieving expense synergies. As synergies are achieved, the margin on the acquired business is expected to steadily increase towards that of the existing Farmers business in 2023.

The result was also impacted by lower investment and other income resulting from decreasing investment yields, an unfavorable mark to market impact on a deferred compensation plan, and deal related costs related to the closing of the MetLife U.S. P&C acquisition.

# Page 29: Farmers Life and Farmers Re – Overview

Farmers Life BOP of USD 84 million was 16% lower than in the prior year. The result was mainly driven by higher mortality including USD 121 million of claims related to COVID-19. Mortality experience remained elevated over 2021.

Farmers Life new business APE was 4% higher than in the prior-year period driven by lower sales in 2020 from the impact of the pandemic. New business value decreased 9% due to assumption updates. As a result, the new business margin decreased by 19.6ppts to 142%.

Farmers Re BOP of USD -1 million was USD 26 million lower than in the prior year 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.

As of December 31, 2021, Farmers Re increased its quota share agreement with the Farmers Exchanges from 1.00% to 1.75%.

# Page 30: Group Functions and Operations & Non-Core Businesses – BOP

Group Functions and Operations reported net expenses of USD 806 million compared to USD 709 million in the prior year period. 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.

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 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 period.

# Page 31: Group – Solvency

As of Q4-21, the Group’s Swiss Solvency Test (SST) ratio calculated based on the Group's Internal Model as approved by the Swiss Financial Market Supervisory Authority FINMA was estimated at 212%, well above the Group’s target for the SST to be of 160% or above.

The Group’s SST ratio increased by 31 percentage points. Operating capital generation net of incremental capital for growth equated to 17 points before around 3 points of negative impact of higher than normal levels of natural catastrophes and COVID-19 losses. Market movements led to a 33 points increase in the ratio reflecting 16 points from higher yield curves, 9 points from favorable equity markets and 7 points from positive currency movements and other market impacts. Capital actions including the accrual of the full year 2021 dividend and the acquisition of the MetLife U.S. P&C business net of external financing reduced the SST ratio by 19 points. De-risking initiatives to reduce the equity exposure had a positive impact of 4 points, while unfavorable assumption and model updates reduced the SST ratio by 1 point. No allowances have been made for the sale of the Italian life and pension back book which is subject to regulatory approval or the redemption of USD 1bn of subordinated debt in January 2022.

# Page 32: Group – Balance sheet and capital structure

Shareholders' equity declined by USD 0.4 billion compared to year end 2020, mainly driven by the payment of the Group dividend of USD 3.2 billion in the second quarter, a decrease of USD 2.1 billion in net unrealized gains and unfavorable FX movements of USD 0.9 billion, which were only partially offset by net income attributable to shareholders of USD 5.2 billion.

During 2021, the overall proportion of subordinated debt increased by 3 percentage points in the Group's capital structure. This mainly results from the net new issuances of around USD 1.2 billion subordinated debt for the financing of the MetLife U.S. P&C business in the first of half of 2021 and the successful placement of USD 500 million subordinated debt in relation to refinancing needs of 2022.

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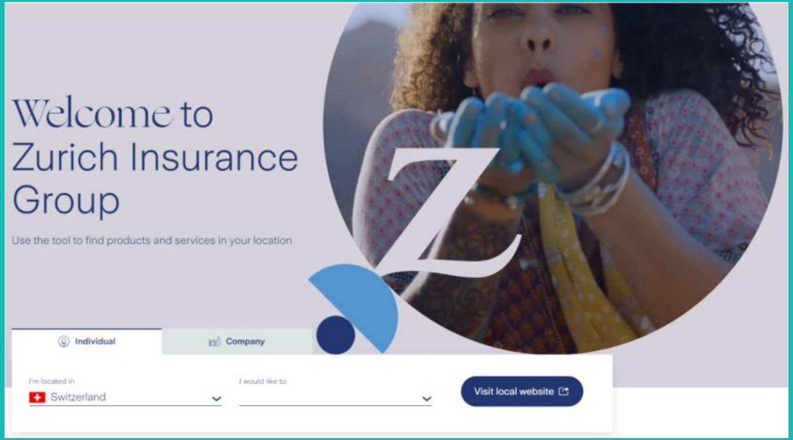


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UPCOMING EVENTS

- April 6, 2022 – Annual General Meeting 2022
- May 12, 2022 – Update for the three months ended March 31, 2022
- August 11, 2022 – Half year results 2022
- November 10, 2022 – Update for the nine months ended September 30, 2022
- November 16, 2022 – Investor Day