150 years | ZURICH

Financial overview

Annual results 2022

Zurich Insurance Group

Message from our Group Chief Financial Officer

“The results demonstrate the successful conclusion of the 2020 to 2022 strategic cycle, with the Group delivering the highest profits since 2007. Our business units delivered these growing operating earnings despite volatile financial markets and inflationary trends. The Group’s diverse global business together with its strong balance sheet position us well for the next cycle.

Dear Shareholder

Our full year 2022 results showed another strong performance across all businesses. Business operating profit (BOP) increased 12 percent with a BOPAT ROE of 15.7 percent for the year. Net income attributable to shareholders (NIAS) amounted to USD 4.6 billion. Reflecting this performance, and management’s expectations of further improvements over the next strategic cycle, the Board will propose a CHF 24 per share dividend.

Successful strategy execution

Over the 2020 to 2022 cycle, the Group continued to execute on its key strategic priority to focus on the customer, further increasing customer satisfaction and net customer growth. The Group also strengthened the Farmers business through a targeted acquisition in the U.S. and made strong progress against its target to further optimize its capital allocation through the sale of Life back books in Europe.

Excellent results.

2020–2022 financial targets

Target: >14.0%
BOPAT ROE[1]
15.7%
FY 2022

Target: >USD 11.5bn
Cumulative cash remittances
USD 12.4bn
FY 2020 to FY 2022

SST solvency target: 160% or above
Estimated SST ratio[2]
265%
FY 2022

Target: ≥5%
Earnings per share growth in USD[3]
5.1%
Compound annual growth rate (CAGR)
FY 2022 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.
3 Adjusted for the impact of losses on disposal in the second half of 2022. 3.6% on a diluted basis, as reported.

Message from our Group Chief Financial Officer (continued)

A strong performance across all businesses

Property & Casualty (P&C) showed further progress with a BOP increase of 14 percent in another year of elevated natural catastrophe events. Gross written premiums grew 14 percent on a like-for-like[1] basis with strong growth in our commercial and retail insurance business supported by continuing price increases of 6 percent over the year.

The combined ratio remained at a strong level of 94.3 percent versus the prior year. Higher earned rate and margin expansion in the commercial business as well as lower catastrophe and weather-related claims were offset by the inflationary environment experienced within the retail business. Favorable prior year development of 2.0 percent was in line with the upper end of the indicated 1–2 percent range, demonstrating the strength of the Group's reserves.

The Group's Life business delivered another excellent performance, reflecting the success of the Group's strategy to focus on protection and unit-linked business. Life BOP increased 8 percent in the year despite adverse financial market volatility and unfavorable currency movements due to U.S. dollar appreciation against other major currencies.

The Farmers Exchanges[2] showed continued progress resulting in gross written premium growth of 9 percent, benefiting from the inclusion of the MetLife business as well as rate-driven growth. Farmers BOP increased 18 percent over the prior year period driven by a 13 percent increase in BOP at Farmers Management Services due to higher fee-based income and a strong improvement in the Farmers Life BOP compared with the prior year.

Robust balance sheet and higher cash generation

The Group remains committed to making the best use of capital. The Group's balance sheet remained very strong with the Swiss Solvency Test (SST)[2] ratio at an estimated 265 percent, well above the Group's target of 160 percent or above.

Conversion of earnings into distributable cashflow resulted in USD 4.6 billion of cash remittances over the year driven both by operational earnings and remittances of excess capital from previously retained earnings. Cumulative cash remittances of USD 12.4 billion in the 2020–2022 period were well above the target of more than USD 11.5 billion.

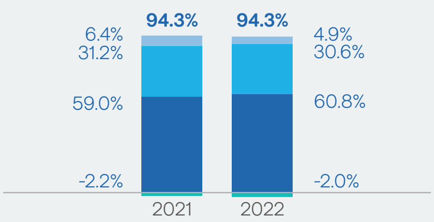
Dividend proposal of CHF 24

In line with our dividend policy, the Board proposes a 9 percent dividend increase to CHF 24 per share.

George Quinn
Group Chief Financial Officer

Property & Casualty (P&C)

Combined ratio
%

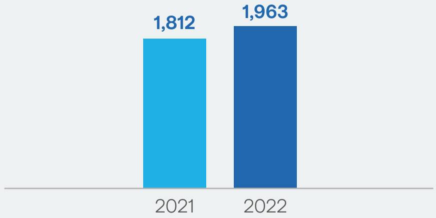


Catastrophes
Expense ratio
Accident year loss ratio excluding catastrophes
Prior-year development

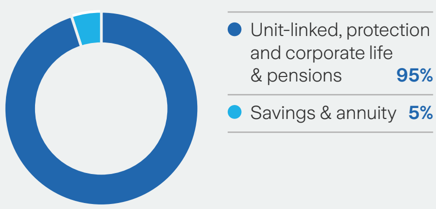
Like-for-like GWP growth
%[1]

Life

Business operating profit
in USD millions

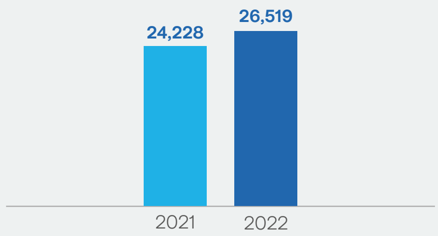


2022 APE product mix
%



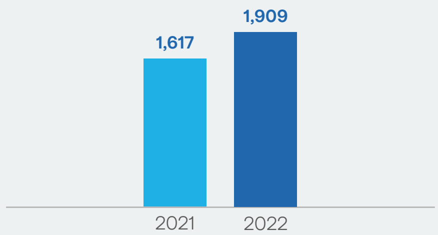
Farmers Exchanges[2]

GWP
in USD millions



Farmers

Farmers BOP
in USD millions



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

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, 2022 and 2021. 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 2022 of the Group and in particular with its consolidated financial statements for the year ended December 31, 2022.

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, 2022.

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	2022	2021	Change[1]
Business operating profit	**6,451**	5,742	12%
Net income attributable to shareholders	**4,603**	5,202	(12%)
P&C business operating profit	**3,554**	3,121	14%
P&C gross written premiums and policy fees	**43,335**	40,123	8%
P&C combined ratio	**94.3%**	94.3%	0.0 pts
Life business operating profit	**1,963**	1,812	8%
Life gross written premiums, policy fees and insurance deposit	**25,890**	28,353	(9%)
Life new business annual premium equivalent (APE)[2]	**3,555**	3,824	(7%)
Life new business margin, after tax (as % of APE)[2]	**24.8%**	29.1%	(4.3 pts)
Life new business value, after tax[2]	**761**	959	(21%)
Farmers business operating profit	**1,909**	1,617	18%
Farmers Management Services management fees and other related revenues	**4,490**	4,265	5%
Farmers Management Services managed gross earned premium margin	**6.6%**	6.6%	0.0 pts
Farmers Life new business annual premium equivalent (APE)[2]	**80**	78	2%
Average Group investments[3]	**167,714**	203,121	(17%)
Net investment result on Group investments[3]	**4,133**	7,085	(42%)
Net investment return on Group investments[3,4]	**2.5%**	3.5%	(1.0 pts)
Total return on Group investments[3,4]	**(11.2%)**	(0.8%)	(10.4 pts)
Shareholders' equity	**26,634**	37,881	(30%)
Swiss Solvency Test ratio[5]	**265%**	212%	54 pts
Return on common shareholders' equity (ROE)[6]	**14.1%**	16.4%	(2.3 pts)
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)[6]	**15.7%**	14.0%	1.7 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.

Overall Group business operating profit (BOP) increased in 2022, up 12 percent compared with 2021, registering improvement across almost all operating segments. Growth came from a strong underlying performance driven by increasing premiums and lower natural catastrophe losses in Property & Casualty, solid underlying performance, management actions and improved COVID-19 claims experience in Life and the increased Farmers BOP following a higher premium base of the Farmers Exchanges.

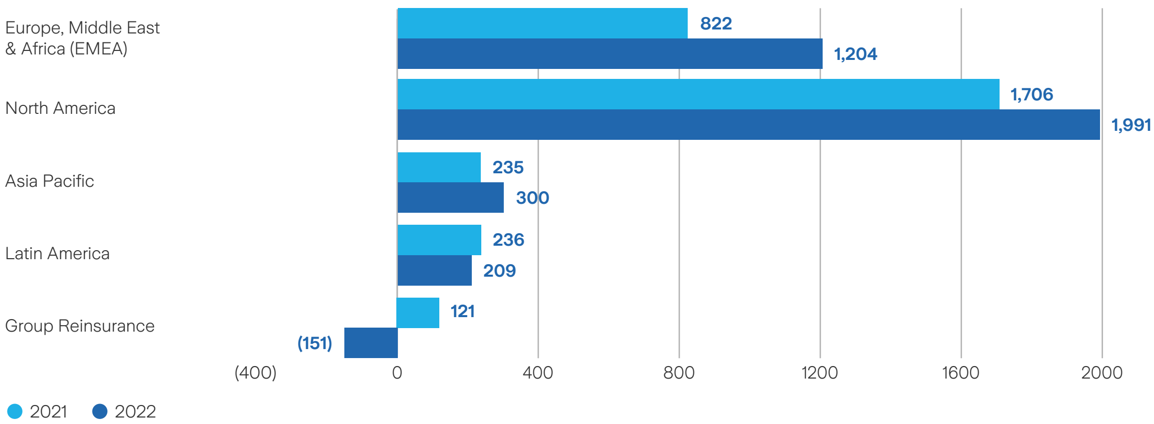
Net income attributable to shareholders (NIAS) decreased by 12 percent in 2022, mostly attributable to adverse mark-to-market effects impacting profit or loss.

Operating update

Property & Casualty (P&C)

in USD millions, for the years ended December 31	2022	2021	Total Change
Gross written premiums and policy fees	43,335	40,123	8%
Net earned premiums and policy fees	31,433	29,461	7%
Insurance benefits and losses, net of reinsurance	20,009	18,593	(8%)
Net underwriting result	1,807	1,681	7%
Net investment result	1,793	1,731	4%
Business operating profit	**3,554**	**3,121**	**14%**
Loss ratio	63.7%	63.1%	(0.5 pts)
Expense ratio	30.6%	31.2%	0.6 pts
Combined ratio	**94.3%**	**94.3%**	**0.0 pts**

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



Gross written premiums in Property & Casualty (P&C) rose 8 percent in 2022. All regions reported strong underlying growth supported by higher premium rates of 6 percent on average, partially offset by adverse currency developments.

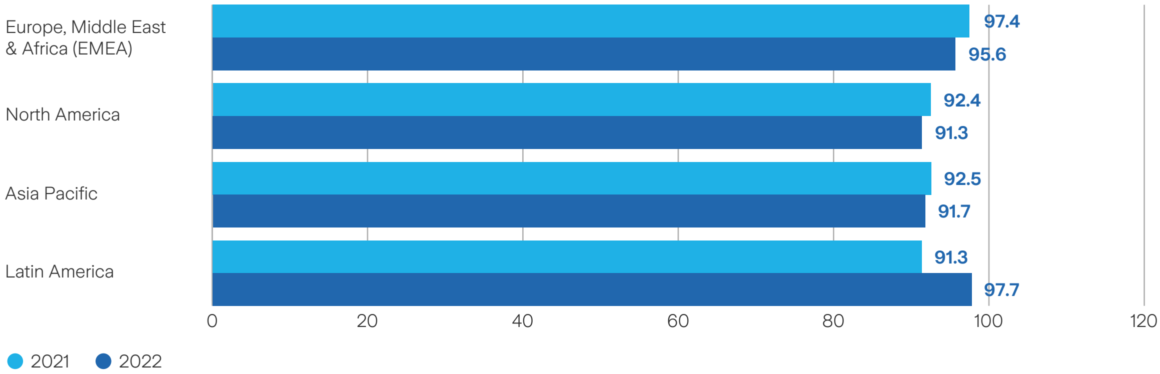
Business operating profit rose 14 percent to USD 3.6 billion. The improvement was driven by higher prices feeding into the result, supporting increasing premiums and a consistently strong combined ratio.

The net investment result increased by USD 62 million compared with the prior year, driven by improvements in net investment income of USD 148 million following higher reinvestment yields, partially offset by realized capital losses of USD 44 million compared with gains of USD 42 million in the prior year period.

The contribution of other items, which include the net non-technical result and non-controlling interests, improved by USD 256 million compared with the previous year, mainly reflecting gains from real estate transactions, positive impact due to improving interest rates as well as favorable currency movements.

Operating update (continued)

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



The combined ratio of 94.3 percent for 2022 was unchanged compared with the prior-year period. While the loss ratio deteriorated by 0.6 percentage points to 63.7 percent, the expense ratio improved by 0.6 percentage points to 30.6 percent.

In EMEA, the combined ratio improved by 1.8 percentage points, mainly due to significantly lower catastrophe losses compared with prior year. This is partially offset by an uptick in retail motor inflation during the second half of 2022 and an increased loss experience in the UK compared with a very favorable prior year performance.

In North America, the combined ratio improved by 1.0 percentage points, mainly driven by a lower loss ratio, which benefited from the earn through of rate increases and lower catastrophe losses, partially offset by a strong increase in crop insurance volumes which experienced slightly elevated levels of claims.

The Asia Pacific combined ratio improved 0.8 percentage points, mainly driven by a reduction of the loss ratio due to favorable experience and a rebound in the travel business.

The Latin America combined ratio was 6.4 percentage points higher than in the previous year, mainly due to the inflationary environment affecting the loss ratio.

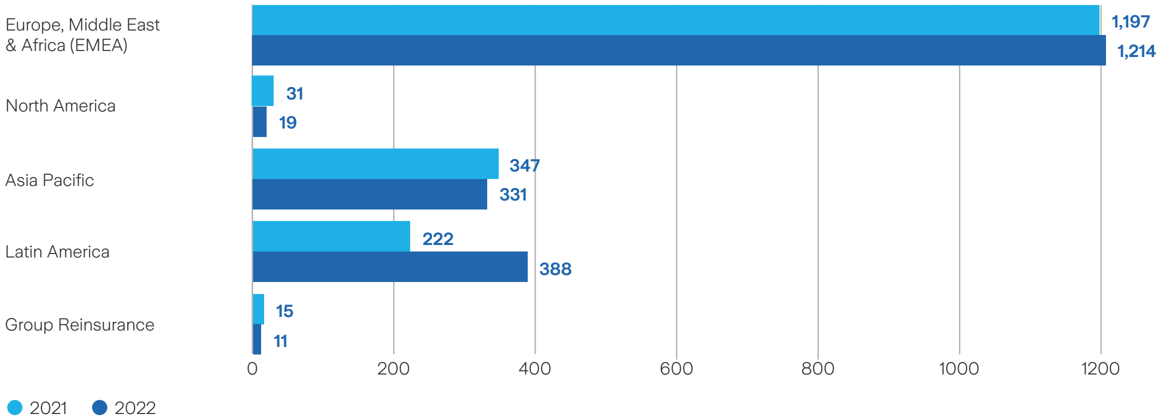
Operating update (continued)

Life

in USD millions, for the years ended December 31	2022	2021	Change
Insurance deposits	12,923	14,357	(10%)
Gross written premiums and policy fees	12,966	13,995	(7%)
Net investment income on Group investments	2,916	2,987	(2%)
Insurance benefits and losses, net of reinsurance	7,331	8,863	17%
Business operating profit	**1,963**	**1,812**	**8%**
Net policyholder flows[1]	4,749	6,002	(21%)
Assets under management[2]	231,976	295,007	(21%)
Total reserves for life insurance contracts, net of reinsurance, and liabilities for investment contracts (net reserves)[3]	180,852	234,475	(23%)

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 2.0 billion for 2022 which was 8 percent higher than in the prior-year period, driven by solid underlying performance, management actions and improved COVID-19 claims experience, more than offsetting unfavorable foreign exchange and market movements.

In EMEA, business operating profit improved by 1 percent to USD 1.2 billion on a reported basis. This was supported by the absence of COVID-19 claims, which amounted to USD 76 million in 2021. Adjusted for COVID-19 claims and the disposal of the Italian life back book, BOP was 1 percent below the previous year, with growth in local currencies offset by adverse currency movements. The result also reflects the impact of adverse market movements, mainly related to accelerated amortization of deferred acquisition costs which were more than offset by the favorable impact of management actions.

In Latin America, BOP rose 75 percent to USD 388 million on a reported basis. This was driven by higher investment income, profitable growth and a reduction of COVID-19 claims to USD 10 million in 2022 from USD 115 million in 2021.

In Asia Pacific, BOP decreased by 5 percent to USD 331 million on a reported basis. In 2022, the business recorded USD 46 million of COVID-19 claims, mainly driven by hospitalization benefits in Japan, whereas no material COVID-19 impact was recorded in 2021. Adjusting for COVID-19 claims, BOP increased 7 percent, as the net favorable impact of assumption updates, reserve releases and underlying growth was only partially offset by adverse currency movements.

Operating update (continued)

In North America, which excludes Farmers Life, BOP declined by USD 12 million due to unfavorable assumption updates. COVID-19 claims did not have a material impact, in line with the prior year.

Net inflows of USD 4.7 billion were 21 percent lower than in the prior year on a reported basis, driven primarily by EMEA which reported net outflows in the second half of 2022.

Assets under management (AuM) decreased 21 percent in 2022 to USD 232 billion. Net inflows increased AuM by around 2 percent. The announced sale of a German legacy life insurance back book led to the reclassification of USD 21 billion of AuM into assets held for sale. Unfavorable financial market movements and adverse currency movements further reduced AuM by USD 35 billion and USD 12 billion, respectively.

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]	
	2022	2021	**2022**	2021	**2022**	2021
Europe, Middle East & Africa (EMEA)	557	668	2,130	2,465	27.1%	28.6%
North America	9	24	108	120	8.4%	19.8%
Asia Pacific	49	103	206	198	24.1%	52.7%
Latin America	146	164	1,111	1,041	20.7%	25.5%
Total	**761**	**959**	**3,555**	**3,824**	**24.8%**	**29.1%**

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.

In 2022, Life new business annual premium equivalent (APE) increased 1 percent on a like-for-like basis. Growth was driven by higher sales in capital efficient savings and protection products. On a reported basis, APE declined 7 percent, with local currency growth offset by U.S. dollar appreciation against other major currencies.

In EMEA, APE sales reduced by 3 percent on a like-for-like basis, compared with 2021. This was primarily driven by a reduction of low-margin individual savings in Spain and a slowdown of unit-linked sales in the second half of 2022, partially offset by growth in corporate savings in Switzerland.

APE sales in Latin America increased 8 percent on a like-for-like basis, driven by growth in protection in the Zurich branded businesses.

In North America, APE sales decreased 10 percent on a like-for-like basis, driven by underwriting actions implemented in the second half of the year.

In Asia Pacific, APE sales increased by 14 percent on a like-for-like basis, driven by growth in the second half of 2022, benefiting from higher protection sales in Japan and Australia.

The new business margin (NBM) remained attractive at 24.8 percent, down from 29.1 percent in the previous year. The lower margin reflects the impact of modelling and assumption updates, a less favorable product mix within Zurich's preferred lines, as well as adverse economic variances mainly related to higher discount rates. This resulted in new business value (NBV) of USD 761 million, 15 percent below the prior-year period on a like-for-like basis.

Operating update (continued)

Farmers

in USD millions, for the years ended December 31	2022	2021	Change
Farmers Management Services (FMS)	1,735	1,534	13%
Farmers Re	6	(1)	nm
Farmers Life	168	84	nm
Total business operating profit	**1,909**	**1,617**	**18%**

Farmers Management Services (FMS) business operating profit increased 13 percent compared with the prior year. This was mainly driven by growth in the premium base of the Farmers Exchanges, up 9 percent compared with 2021, benefiting from the inclusion of the acquired MetLife U.S. P&C business.

Farmers Life business operating profit of USD 168 doubled compared with USD 84 in 2021, driven by an improved mortality experience related to COVID-19 and favorable actuarial assumptions updates, partially offset by negative market impacts on the amortization of deferred acquisition costs.

Farmers Re reported a business operating profit of 6 million in 2022 compared with a loss of USD 1 million in 2021, driven by higher investment income and an improved combined ratio.

Effective December 31, 2022, Farmers Re increased its participation in the Farmers Exchanges' all lines quota share treaty from 1.75% to 8.50%.

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	2022	2021	Change
Gross written premiums	26,519	24,228	9%
Gross earned premiums	25,842	23,689	9%

Gross written premiums of the Farmers Exchanges increased by 9 percent in 2022 compared with the prior year, benefiting from the inclusion of the acquired MetLife business as well as rate-driven growth in the Business Insurance, Farmers Specialty and Farmers Home businesses.

Operating update (continued)

Group Functions and Operations

in USD millions, for the years ended December 31	**2022**	2021	Change
Holding and Financing	(446)	(445)	(0%)
Headquarters	(292)	(311)	6%
Zurich Global Ventures[1]	(42)	(49)	14%
Total business operating profit	**(780)**	**(806)**	**3%**

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

Group Functions and Operations reported net expenses of USD 780 million compared with USD 806 million in the prior year. This was mainly driven by a reduction in expenses at Headquarters.

Non-Core Businesses

in USD millions, for the years ended December 31	**2022**	2021	Change
Zurich Legacy Solutions	(158)	(48)	nm
Other run-off	(36)	46	nm
Total business operating profit	**(195)**	**(1)**	**nm**

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 an operating loss of USD 195 million. The result was mainly driven by negative market impacts and reserve strengthening on run-off portfolios.

Financial update

Balance sheet review

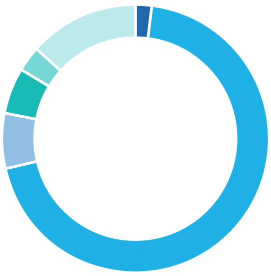
Total assets and liabilities:

The total assets of the Group stood at USD 378 billion in 2022 compared with USD 436 billion in 2021, mainly driven by the decrease in valuation of the Group and unit-linked investments due to higher interest rates and market conditions, and a decrease in cash and cash equivalents, which reflects the dividend payment made in 2022. Investment property valuation increased by USD 728 million, driven by revaluation to reflect latest market conditions and completion of construction projects.

The completion of the acquisition of the network of Financial Advisors of the Deutsche Bank Group by the Group through its subsidiary Zurich Italy Bank S.p.A increased the goodwill by USD 211 million.

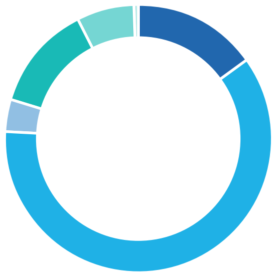
The Group also reclassified about USD 857 million of assets and liabilities as held for sale reflecting the sale of the German Life back book (subject to regulatory approvals) and other capital optimization actions. These factors, including a reduction in liabilities related to insurance reserves and redemption of debt, also drove a decrease in the total liabilities for the Group to USD 349 billion in 2022 from USD 397 billion in 2021.

Group assets
Total assets as of December 31, 2022
(in USD millions)



Cash and cash equivalents	7,560
Total investments	262,614
Reinsurers' share of liabilities	25,667
Deferred policy acquisition costs	20,711
Intangible assets	11,515
Other assets	49,715

Group liabilities and equity
Total liabilities and equity as of December 31, 2022
(in USD millions)



Liabilities for investment contracts	57,456
Liabilities for insurance contracts	229,755
Debt	13,970
Other liabilities	48,688
Shareholders' equity	26,634
Non-controlling interests	1,279

Shareholders' equity:

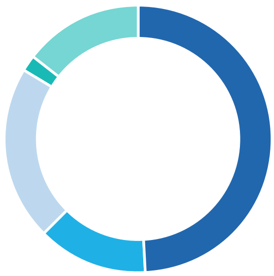
The shareholders' equity of the Group of USD 26.6 billion decreased USD 11.2 billion from USD 37.9 billion at year-end 2021, primarily due to the net unrealized losses on investment compared to net unrealized gains at year-end 2021, unfavorable currency movements and the payment of the Group dividend of USD 3.5 billion, which were partially offset by net income attributable to shareholders of USD 4.6 billion. Net unrealized losses on Group investments included in shareholders' equity were USD 6.8 billion pre-tax, compared to net unrealized gains of USD 4.1 billion at year-end 2021, driven by adverse market conditions.

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 with a stable outlook and Aa3 with a positive outlook (per January 13, 2023). In addition, as of December 31, 2022, the Group's estimated SST ratio[1] remained very strong at 265 percent.

During the year the Group saw net cash remittances of USD 4.6 billion, resulting in a cumulative USD 12.4 billion for the period 2020–2022, exceeding the USD 11.5 billion target 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 its operating businesses.

Net cash remittances by business
for the year ended December 31, 2022
(in USD millions)



Property & Casualty	3,191
Life	854
Farmers	1,365
Non-Core Businesses	120
Group Functions and Operations	(926)

1 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.

Financial update (continued)

Significant transactions in 2022

Sale of legacy traditional life insurance back book in Germany to Viridium

On June 24, 2022 the Group agreed to sell its legacy traditional life insurance back book in Germany to Viridium Holding AG (Viridium), a leading specialist in the management of life insurance portfolios (run-off) in Germany. The transaction includes the transfer of approximately USD 20 billion of net reserves, mainly related to annuity and endowment products underwritten more than five years ago. The sale will further reduce capital intensity and exposure to interest rates and reduces capital required to protect against volatility. The sale is subject to regulatory approvals and will not change the contractual obligations to customers and distribution partners. The sale is expected to close in Q4 2023.

Sale of Italian life and pensions back book to GamaLife

On January 2, 2022 the Group announced that its subsidiary Zurich Investments Life S.p.A. agreed to sell part of its life and pension back book, composed of both traditional and unit-linked policies, to the Portuguese insurance company GamaLife – Companhia de Seguros de Vida, S.A. The transaction transferred USD 9.5 billion of net reserves transferred to GamaLife. The transaction will positively impact the Group's Swiss Solvency Test ratio and increase the Group's liquidity by approximately USD 200 million. The transaction closed on November 30, 2022.

Acquisition of Deutsche Bank Financial Advisors network

On October 14, 2022, the Group through its subsidiary Zurich Italy Bank S.p.A. completed the acquisition of 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 EUR 16.5 billion of assets under management. The acquisition allows Zurich in Italy to further develop its financial and insurance distribution network in the Italian market.

The preliminary opening balance sheet is presented within Note 5 of the consolidated financial statements.

Financial update (continued)

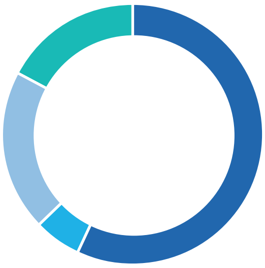
Being a responsible taxpayer

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 contributions reflect 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 obligated to collect on behalf of tax administrations ('tax collected'):

Taxes borne by shareholders

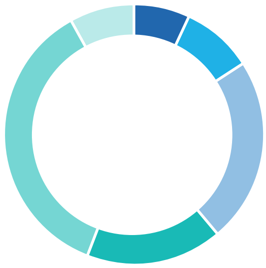
Total 2021: USD 2.2bn
(All numbers based on IFRS, excluding deferred income tax)



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

Taxes collected

Total 2021[1]: USD 6.6bn
(All numbers based on IFRS, excluding deferred income tax)



Employer social security	7%
Policyholder income and other taxes	9%
Other taxes (incl. withholding tax)	23%
Payroll tax	17%
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 20.6 percent for the period ended December 31, 2022 compared with 23.0 percent for the same period of 2021. The decrease was driven primarily by favorable developments in the geographical profit mix as the U.S. businesses performed strongly as well as favorable tax audit outcomes in Europe.

1 The total tax contribution for 2022 will be reported in Zurich's tax strategy report, which will be published in Q2 2023.

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Message from our Group Chief Investment Officer

In the difficult market conditions of 2022, the composition of our investment portfolio continued to demonstrate stability, retained a high-quality profile and continued to be well-diversified across regions and industries. At the same time, Zurich delivered on its responsible investment goals for the year and set further ambitions.

Dear Shareholder

In 2022, we saw the legacy and imbalances from the COVID-19 pandemic shape the economic and financial market landscape. Three themes stood out over the course of 2022: persistently higher inflation, unprecedented central bank tightening and, of course, the tragic invasion of Ukraine. Unusually, the three key financial asset classes of equities, credit and government bonds all closed the year substantially lower.

Strong household balance sheets in many developed economies, as a result of the dramatic government support measures during the pandemic, combined with very strong employment conditions, fueled demand and inflation. The energy shock from the war further accelerated the rise in prices, with European natural gas surging from EUR 60 per kilowatt hour to EUR 340 by late summer, as talk of rationing and blackouts in Europe gained traction.

Delivering in a challenging environment.

Message from our Group Chief Investment Officer (continued)

With inflation well above central bank targets and accelerating, central banks embarked on a dramatic tightening campaign at the start of the year, recovering lost ground and moving rates toward restrictive territory. U.S. mortgage rates doubled and housing activity in many developed economies slowed markedly. Global growth moderated over the course of the year, falling below its long-term average. This was exacerbated by China's zero-COVID-19 policy before a surprising about-face in the closing weeks of 2022.

A high-quality portfolio

During 2022, the composition of our investment portfolio continued to demonstrate stability and benefit from a conservative exposure to credit risk. Zurich's portfolio retained its high-quality profile with 95 percent in fixed income securities rated BBB and above. Our investment portfolio also continues to be well diversified across regions and industries.

Stable net investment income

In a difficult market environment, our 2022 net investment income remained stable at USD 5.1 billion compared with the prior year. Equity and fixed-income markets mostly showed negative returns during 2022. Realized capital gains and losses (including impairments) for the year resulted in a loss of USD 951 million, mainly from fixed-income and equity securities. This was partially offset by derivative and real estate revaluation gains.

The net investment result for 2022 was USD 4.1 billion. While the total returns for assets and liabilities were negative in 2022, Zurich's assets have outperformed its liabilities. The associated market risk consumption declined during 2022.

Financing climate solutions

Despite a challenging market environment, Zurich delivered on its responsible investment ambition during 2022 and set further one. We plan to invest 5 percent of our proprietary investment portfolio to impact investments by 2025. We aim to achieve this target by growing our existing global impact investment portfolio and identifying new prospective opportunities across asset classes to broaden our approach.

In 2022, we increased our investments in climate solutions by 6 percent to USD 8.7 billion. These investments provide green financing solutions under our impact investing strategy and also count as investments in green certified buildings. Our green impact investing assets, for example solar and wind farms, have helped avoid 3.2 million metric tons of CO2-equivalent emissions in 2022. We are proud that our impact investment approach won three awards in 2022, recognizing our leadership as an institutional investor in this area.

We strongly believe that simply divesting from companies with carbon-intense footprints is less effective than engaging with them to drive the shift to sustainable practices. On that journey with our investee companies, we have already engaged with 54 percent of emitters of financed emissions that have not set science-based targets, and we require these companies to set targets aligned with the Paris Agreement.

Since 2019, we have achieved a reduction in the emission intensity of our portfolio of 12 percent. This reduction in financed emissions was mainly driven by disposals and changes to our portfolio as well as structural emission reductions of our investee companies. We have observed a meaningful drop in emissions from companies in run-off under our coal and oil sands policy due to maturing assets and active portfolio management.

Since the launch of the Zurich Carbon Neutral World Equity Fund, we have seen positive feedback from our customers and distributors. As a result, the fund is now available in eight different countries: Chile, Germany, Switzerland, United Arab Emirates, Italy, Portugal, Spain and Malaysia. Despite the challenging environment for financial markets, net flows into the fund were positive during 2022, benefiting from continued customer interest.

Stephan van Vliet
Group Chief Investment Officer

Total investments[1], 2022
%

Credit, private debt	44.4%
Government and government guaranteed	31.7%
Real estate	9.6%
Cash	5.8%
Equities	3.8%
Mortgages	2.7%
Hedge funds, private equity	2.1%

Rating of credit, private debt securities, 2022
%

AAA	19.1%
AA	12.9%
A	27.2%
BBB	33.8%
Non-investment grade	7.0%
Unrated	0.0%

Credit and private debt securities per segment, 2022
%

Non-financial credit	31.3%
Financial credit	23.8%
Municipals, agencies, state credit	16.2%
Other	14.5%
Asset backed securities	9.2%
Covered bonds	5.0%

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

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