

**Zurich Finance (Luxembourg) S.A.**  
**Société Anonyme**

**Audited annual accounts**  
**for the year ended December 31, 2011**

26, Boulevard Royal  
L-2449 Luxembourg  
**R.C.S. Luxembourg: B 69 748**

# Zurich Finance (Luxembourg) S.A.

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## Zurich Finance (Luxembourg) S.A.

### Management Report and Responsibility and Corporate Governance Statement as at December 31, 2011

#### Management Review

The corporate object of the Zurich Finance (Luxembourg) S.A. (hereafter the "Company", or "ZF Lux") is the holding of participations directly or indirectly, in any form whatsoever, in Luxembourg and foreign companies, the acquisition by purchase, subscription, or in any other manner as well as the transfer of sale, exchange or otherwise of stock, bonds, debentures, notes and other securities of any kind, and the ownership, administration, development and management of its portfolio. The Company may also hold interest in partnerships.

#### Business Review

During the course of the year no new tranches of debt were issued. However, the Bansabadell tranche for EUR 300 million matured in December 2011. There was also restructuring in relation to the Bansabadell Vida tranche where EUR 245 million was repaid and re-lent to three UK group companies.

ZF Lux is a participant in the Zurich Group USD 3 billion Euro Commercial Paper (ECP) program which launched in September 2011, as of year end no ECP had been issued for ZF Lux.

To minimize currency exposure the company enters into cross currency-interest rate swaps with Zurich Insurance Company (hereafter "ZIC"). ZIC also issues guarantees in relation to issuances of debt and is paid an annual fee by the Company.

The Company generated a profit after tax of EUR 1 125 195. The increase in profit is due in large to the impact of the restructuring of the Zurich Vida loan, which was partly repaid and relet to three UK group companies -- at an increased interest margin.

The Company does not have any branch offices. The Company has not repurchased any of its own shares during the year and does not hold any of its own shares at this time. No activity in terms of research on development was performed.

#### Corporate Governance Statement

##### • *Internal control and risk management procedures*

In relation to the financial reporting process, internal control and risk management procedures are maintained. The key characteristics are:

##### Financial Reporting Process:

- Third party confirmations are checked in relation to all external balances;
- Proper books and records are maintained in accordance with group guidelines;
- All financial products (i.e. loans, bonds) are governed by contractual agreements and calculation of payments/receipts and interest accruals are driven by the group treasury system, based on these contracts;
- Preparation of accounts completed under SIA by ZTS which is the group centre of excellence for treasury related products.

## Zurich Finance (Luxembourg) S.A.

### Management Report and Responsibility and Corporate Governance Statement as at December 31, 2011

The company is managed in accordance with the Zurich Risk Policy (ZRP). It articulates the Group's approach to risk and its control, and sets standards for effective risk management throughout the Group. The ZRP:

- Describes the Group's risk management framework, including responsibilities and authorities;
- Identifies Zurich's principal risks and their organizational owners;
- Defines the Group's limits and other requirements for specific risks;
- Sets escalation processes for exceptions to limits and other requirements;
- Identifies reporting procedures for risks.

#### • Other information

Rules for appointment or replacement of board members or management team or for modification of deed of incorporation:

Art. 10 of the by laws states: "Board members are elected by the shareholders of the company at the general meeting. A director may be removed with or without cause and/or replaced, at any time, by resolution(s) adopted by the general meeting of shareholders of the Company. In the event of a vacancy in the office of a director because of death, retirement or otherwise, the remaining directors may elect, by a majority vote, a director to fill such vacancy until the next general meeting of shareholders of the company."

There are no restrictions on voting rights or shareholders who hold special rights. The board members do not have the rights to issue or buy back shares.

#### Ownership Structure

The following are the list of owners as of 31 December, 2011:

Parent Company	Number of Shares	Value	% Ownership
Zürich Versicherungs-Gesellschaft AG	1 239	123 900	99.9194%
Zürich Lebensversicherungs-Gesellschaft AG	1	100	0.0806%
	1 240	124 000	100%

#### Subsequent events

There were no new issuances of debt, nor events, or decisions, of any importance that could have any influence on the continuation of the activities of the Company after year-end 2011. As part of its normal course of business the company will continue to be involved with internal group funding projects.

It is expected that the company will continue to issue debt under the Group Euro Medium Term Note ('EMTN') programme, and continue a positive development.

Zurich Finance (Luxembourg) S.A.

Management Report and Responsibility and Corporate Governance Statement as at December 31, 2011

Responsibility Statement

We, the directors of the Company in the year 2011, confirm to the best of our knowledge, the financial statements 2011 prepared in accordance with the applicable accounting standards give a true and fair view of the state of affairs, financial performance and cash flows of the Company.

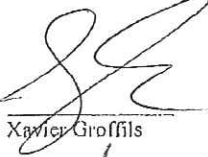
This true and fair view requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework for the Preparation and Presentation of Financial Statements.

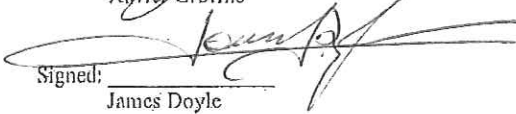
In preparing the financial statements, management is required to:

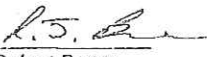
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

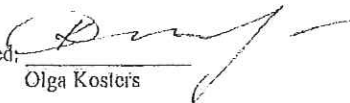
Management is also responsible for keeping proper books of account, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We, the undersigned officers and directors of the Company in the year 2011, confirm to the best of our knowledge, the financial statements for the year ended December 31, 2011, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and that the management report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces.

Signed:   
Xavier Groffils

Signed:   
James Doyle

Signed:   
Robert Burne

Signed:   
Olga Kosters



## **Audit report**

To the Shareholders of  
**Zurich Finance (Luxembourg) S.A.**

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### **Report on the annual accounts**

We have audited the accompanying annual accounts of Zurich Finance (Luxembourg) S.A., which comprise the balance sheet as at 31 December 2011, the profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### *Responsibility of the "Réviseur d'entreprises agréé"*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of Zurich Finance (Luxembourg) S.A. as of 31 December 2011, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

**Report on other legal and regulatory requirements**

The management report, including the Corporate Governance Statement, which is the responsibility of the Board of Directors, is consistent with the annual accounts and includes the information required by the law with respect to the Corporate Governance Statement.

PricewaterhouseCoopers S.à r.l.  
Represented by

Luxembourg, 28 March 2012

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal line and a small flourish.

Claude Jacoby

## Zurich Finance (Luxembourg) S.A.

### Balance Sheet as at December 31, 2011 (expressed in Euro)

	Note(s)	2011 EUR	2010 EUR
<b>ASSETS</b>			
<b>C. Fixed assets</b>			
<b>III. Financial assets</b>			
2. Loans to affiliated undertakings	2.2,3,3, 4	1 151 833 445	1 446 740 532
<b>D. Current assets</b>			
<b>II. Debtors</b>			
2. Amounts owned by affiliate undertakings			
a) becoming due and payable after less than one year	3,4	8 455 412	8 761 136
4. Other Debtors			
a) becoming due and payable after more than one year	8	21 629	1 975
IV. Cash at bank and in hand		1 484 666	1 167 780
<b>Total assets</b>		<b>1 161 795 152</b>	<b>1 456 671 423</b>
<b>LIABILITIES</b>			
<b>A. Capital and reserves</b>			
I. Subscribed capital	6	124 000	124 000
IV. 1. Legal reserve	7	488	488
V. Loss brought forward		(186 461)	(58 688)
VI. Result for the financial year		1 125 195	(127 773)
		<u>1 063 222</u>	<u>(61 973)</u>
<b>C. Provisions</b>			
2. Provisions for taxation	8	644 353	177 809
<b>D. Non subordinated debts</b>			
1. Debenture loans	5,4		
b) Non Convertible Loans			
i) becoming due and payable after less than one year		4 750 912	4 601 194
ii) becoming due and payable after more than one year		519 048 631	519 048 631
6. Amount owed to affiliated undertakings			
a) becoming due and payable after less than one year		2 781 417	2 893 613
b) becoming due and payable after more than one year		633 500 000	930 000 000
9. Other creditors			
a) becoming due and payable after less than one year		6 617	12 149
<b>Total liabilities</b>		<b>1 161 795 152</b>	<b>1 456 671 423</b>

The accompanying notes are an integral part of the annual accounts.



## Zurich Finance (Luxembourg) S.A.

### Profit and Loss Account for the year ended December 31, 2011 (expressed in Euro)

	Note(s)	2011 EUR	2010 EUR
<b>A. CHARGES</b>			
5. Other operating charges	9	92 352	135 008
8. Interest payable and similar charges	5,4		
a) Concerning affiliated undertaking		69 046 241	62 185 025
b) Other interest and charges		18 663 746	18 468 763
10. Tax on profit or loss	8	467 222	150 831
11. Other taxes not included in the previous caption	8	(678)	375
12. Profit for the financial year		1 125 195	-
<b>Total Charges</b>		<b>89 394 078</b>	<b>80 940 002</b>
<b>B. INCOME</b>			
6. Income from financial fixed assets			
a) Derived from affiliated undertakings	3, 4	89 357 780	80 809 430
8. Other interest and other financial income		36 298	2 799
<b>Loss for the financial year</b>		<b>-</b>	<b>127 773</b>
<b>Total Income</b>		<b>89 394 078</b>	<b>80 940 002</b>

The accompanying notes are an integral part of the annual accounts.

# **Zurich Finance (Luxembourg) S.A.**

## **Notes to the annual accounts**

### **Note 1 - General information**

Zurich Finance (Luxembourg) S.A., (or the “Company”), is a company incorporated under the laws of Luxembourg on May 19, 1999 under the legal form of a “Societe Anonyme”. The registered office is 26 Boulevard Royal, L-2449, Luxembourg and the Company is registered in the Trade and Company Register under the number B 69 748 in Luxembourg.

The corporate object of the Company is the holding of participations directly or indirectly, in any form whatsoever, in Luxembourg and foreign companies, the acquisition by purchase, subscription, or in any other manner as well as the transfer of sale, exchange or otherwise of stock, bonds, debentures, notes and other securities of any kind, and the ownership, administration, development and management of its portfolio. The Company may also hold interest in partnerships.

Zurich Finance (Luxembourg) S.A., is a participant in a Euro Medium Term Note (“EMTN”) Programme together with affiliate companies, Zurich Finance (UK) plc, Zurich Finance USA, Zurich Insurance Company Ltd and Zurich Bank, which allows for potential issuance of senior and subordinated notes up to a maximum of USD 18 billion (increased from USD 15 billion on 2010).

The Company’s accounts are included in the accounts established by Zurich Financial Services Ltd., Zurich, Switzerland, which forms the largest body of undertakings of which the Company forms a part as direct/indirect subsidiary undertaking. The financial statements are available at its registered office: Mythenquai 2, 8002 Zurich, Switzerland.

### **Note 2 - Summary of significant accounting policies**

#### **2.1 Basis of preparation**

The Company maintains its books and records in euro (“EUR”) and the annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements.

Accounting policies and valuation rules are, besides the ones laid down by the law, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **2.2 Significant accounting policies**

The main accounting policies of the Company are the following:

# **Zurich Finance (Luxembourg) S.A.**

## **Notes to the annual accounts**

### **2.2.1 Foreign currency translation**

Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate prevailing at the date of the transaction.

Non-current assets and liabilities expressed in currencies other than EUR are translated into EUR at the exchange rate prevailing at the date of the transaction.

Assets expressed in currencies other than EUR, and for which the currency fluctuation risk between its denomination currency and EUR is hedged via swap contracts, are translated into EUR at the swap contracts rate.

Other assets and liabilities, expressed in currencies other than EUR are translated in EUR at year-end exchange rate. Realised exchange gains and losses and unrealised exchange gains and losses are accounted for in the profit and loss account for the year.

### **2.2.2 Interest income and expense**

Interest income and expense are recorded on an accruals basis.

### **2.2.3 Loans to affiliated undertakings**

Loans to affiliated undertakings are valued at nominal value including the expenses incidental thereto.

If the Directors expect an impairment in value to be permanent in nature, the loans to affiliated undertakings are valued at the lower value at the balance sheet date. These value adjustments may not be carried when the reasons for which they were made cease to apply.

### **2.2.4 Prepayment and accrued income**

This asset item includes expenditure incurred during the financial year but relating to a subsequent financial year.

It also includes the expenses incurred in relation to the debt issuances, which are amortized over the period until the maturity of these debts.

### **2.2.5 Accruals and deferred income**

This liability item includes income received during the financial year but relating to a subsequent financial year.

### **2.2.6 Creditors**

Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt on a linear method.

### **2.2.7 Provisions**

Provisions for liabilities and charges are intended to cover losses on debts, the nature of which is clearly defined and which, at the date of the balance sheet are either likely to be incurred or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

## Zurich Finance (Luxembourg) S.A.

### Notes to the annual accounts

#### Note 3 - Loans to affiliated undertakings

Loans to affiliated undertakings as of December 31, 2011 are made of:

Affiliates	Issue date	Maturity date	Interest rate	Loans to affiliates EUR	Interest receivable EUR
Zurich Group Funding (Luxembourg) S.A.	December 18, 2008	December 20, 2021	6.522%	170 000 000	394 894
Zurich Bank	September 30, 2009	September 30, 2013	LIBOR + 107 bps	310 152 319	38 459
Zurich Bank	September 30, 2009	September 30, 2013	Euribor 3-month + 114 bps	206 768 213	29 028
Zurich Vida Compañía de Seguros y Reaseguros S.A.	December 4, 2009	December 4, 2014	4.1%	215 000 000	674 372
Zurich Financial Services (UKISA) Limited	May 23, 2011	June 30, 2020	6.219%	85 256 154	407 729
Zurich Holdings (UK) Limited	May 23, 2011	June 30, 2020	6.219%	33 319 027	159 345
Allied Zurich Holdings Limited	May 23, 2011	December 4, 2014	3.156%	131 337 732	318 752
				<b>1 151 833 445</b>	<b>2 022 579</b>

#### Loan to Centre Group Holdings Limited

On December 17, 2008 the Company lent USD 394 140 000 (EUR 299 820 000 equivalent) to Centre Group Holdings Limited. The loan matured on December 19, 2011.

#### Loan to Zurich Group Funding Luxembourg S.A.

On December 18, 2008 the Company lent EUR 210 000 000 to Zurich Group Funding Luxembourg S.A.. The maturity date of this loan is December 20, 2021. The loan can be recalled with 7 business days notice and the consent of both parties. On December 20, 2010 EUR 40 000 000 was repaid under the terms of the contract.

#### Loans to Zurich Bank

On September 30, 2009 the Company lent GBP 272 562 106 (EUR 310 152 319) and EUR 206 768 213 to Zurich Bank.

These loans can be prepaid or asked for repayment of the outstanding amount of the loans in whole or in part at any time prior to the maturity date and with prior consent of each party.

## Zurich Finance (Luxembourg) S.A.

### Notes to the annual accounts

#### Loan to Zurich Vida Compañía de Seguros y Reaseguros

On December 4, 2009 the Company lent EUR 460 000 000 to Zurich Vida. On May 23, 2011 EUR 245 000 000 of this loan was repaid.

The loan can be prepaid or asked for repayment of the outstanding amount of the loan in whole or in part at any time prior to the maturity date and with prior consent of each party.

#### Loan to Zurich Financial Services (UKISA) Limited

On May 23, 2011 the company lent GBP 74 000 000 (EUR 85 256 154) to Zurich Financial Services (UKISA) Limited. The maturity date of this loan is June 30, 2020. The loan can be recalled with 7 business days notice and the consent of both parties.

#### Loan to Zurich Holdings (UK) Limited

On May 23, 2011 the company lent GBP 28 920 000 (EUR 33 319 027) to Zurich Holdings (UK) Limited. The maturity date of this loan is June 30, 2020. The loan can be recalled with 7 business days notice and the consent of both parties.

#### Loan to Allied Zurich Holdings Limited

On May 23, 2011 the company lent GBP 113 997 544 (EUR 131 337 732) to Allied Zurich Holdings Limited. The maturity date of this loan is December 4, 2014. The loan can be recalled with 7 business days notice and the consent of both parties.

### **Note 4 - Derivative financial instruments**

The financing operations of the Company by their nature are exposed to the interest rate risk and foreign currency risk arising from foreign currency loan receivable. The Company manages these risks through the use of derivative financial instruments. The Company's total exposures to such risks are economically hedged and managed at the Zurich Financial Services Ltd (hereafter "ZFS") level by other ZFS entities, with only a portion of such exposures managed directly by the Company. As a result of only reflecting the portion of such risks managed by the Company, the accompanying Company's financial statements result in certain interest rate and foreign currency fluctuations which would not occur if the Company managed all of the exposures to such risks at its level.

The derivatives are held at their initial transfer amount, with differences between final transfer amount written off to the profit and loss at the end of the life of the derivative, based on the initial FX Rate.

The Company entered into the following related party cross-currency interest rate swap with Zurich Insurance Company Ltd (hereafter "ZIC") in order to reduce its exposure to foreign currency and interest rate risk associated:

- GBP 272 562 106 September 30, 2009 issuance of a loan with a quarterly annual coupon of 3-month GBP LIBOR + 107bps maturing on September 30, 2013. Under the terms of the agreement, the Company entered into a fixed to floating currency swap, swapping GBP 272 562 106 (3-month GBP LIBOR + 60.2833bps and 3-month EUR LIBOR). This swap is held at historical cost. Interest expense charge for the year was EUR 4 526 865 (2010 EUR 4 075 006) on the GBP leg while interest income on USD leg was EUR 10 960 608 (2010 EUR 10 761 985). As of December 31, 2011 there was accrued interest receivable of EUR 2 850 547 on USD leg and Accrued Interest Payable of EUR 30 103 on GBP leg.

## Zurich Finance (Luxembourg) S.A.

### Notes to the annual accounts

- EUR 206 768 213 September 30, 2009 issuance of a loan with a quarterly annual coupon of 3-month EURIBOR + 114bps maturing on September 30, 2013. Under the terms of the agreement, the Company entered into a fixed to floating currency swap, swapping EUR 206 768 213 (3-month EURIBOR + 67.125bps and 3.25% USD). This swap is held at historical cost. Interest expense charge for the year was EUR 4 194 076 (2010 EUR 2 969 739) on the EUR leg while interest income on USD leg was EUR 7 307 072 (2010 EUR 7 174 657). As of December 31, 2011 there was accrued interest receivable of EUR 1 900 365 on USD leg and Accrued Interest Payable of EUR 23 643 on EUR leg.
- EUR 302 846 784 September 30, 2009 issuance of a loan with a quarterly annual coupon of 3-month EURIBOR maturing on September 30, 2013. Under the terms of the agreement, the Company entered into a fixed to floating currency swap, swapping EUR 302 846 784 (3-month EURIBOR and 3.25% USD). This swap is held at historical cost. The net cashflows are neutral.
- GBP 113 997 544 May 23, 2011 issuance of a loan with a annual coupon of 3.156% maturing on December 4, 2014. Under the terms of the agreement, the Company entered into a fixed to floating currency swap, swapping GBP 113 997 544 (GBP 3.156% + EUR 3.405%). ). This swap is held at historical cost. Interest expense charge for the year was EUR 2 632 651 on the GBP leg while interest income on EUR leg was EUR 2 708 075. As of December 31, 2011 there was accrued interest receivable of EUR 470 826 on EUR leg and accrued interest payable of EUR 318 752 on GBP leg.
- GBP 102 920 000 May 23, 2011 issuance of two loans (GBP 74 000 000 and GBP 28 920 000) with a annual coupon of 6.219% maturing on June 30, 2020. Under the terms of the agreement, the Company entered into a fixed to floating currency swap, swapping GBP 272 562 106 (3 month GBP LIBOR + 60.2833bps and 3-month EUR LIBOR). Interest expense charge for the year was EUR 4 683 615 on the GBP leg while interest income on EUR leg was EUR 4 665 456. As of December 31, 2011 there was accrued interest receivable of EUR 470 826 on EUR leg and Accrued Interest Payable of EUR 567 074 on GBP leg.

### Note 5 – Non subordinated debts

In September 2009, the company issued USD 750 000 000 under the EMTN Programme to the external market.

On December 4, 2009 it borrowed an additional EUR 460 000 000, on that date of issuance, Zurich Insurance PLC (hereafter “ZIP”) agreed to purchase all of the proceeds of this issuance. On March 10 and 11, 2010 ZIP Inc distributed its holdings to the regional ZIP offices, as of December 31, 2011 the holding of each ZIP country are as follows:

Country	2011 Nominal EUR	2010 Nominal EUR
Belgium	15 000 000	15 000 000
Netherlands	12 000 000	12 000 000
Sweden	16 000 000	16 000 000
France	36 000 000	36 000 000
Ireland	91 000 000	91 000 000
Italy	166 700 000	116 000 000
Portugal	74 000 000	74 000 000
Spain	-	50 700 000
Germany	49 300 000	49 300 000
<b>Total</b>	<b>460 000 000</b>	<b>460 000 000</b>

## Zurich Finance (Luxembourg) S.A.

### Notes to the annual accounts

The debt incurred by the Company is uncollateralized, but guaranteed by ZIC as evidenced by separate contractual agreements.

The following is a summary of the bonds payable outstanding at December 31, 2011:

Affiliates/counterparty	Issue date	Maturity date	Interest rate	Bonds payable EUR	Interest payable EUR
Zurich Vida S.A.	December 18, 2008	December 20, 2021	6,26%	170 000 000	384 294
External Bond Holders	September 30, 2009	September 30, 2013	3,25%	519 048 631	4 750 912
Zurich Insurance PLC	December 4, 2009	December 4, 2014	3,66%	460 000 000	1 245 403
Zurich Insurance Corp	December 5, 2011	December 5, 2012	2,701%	3 500 000	7 090
				<b>1 152 548 631</b>	<b>6 387 699</b>

None of the bonds payable listed above were in default as of December 31, 2011.

In conjunction with the EMTN Programme, the debt incurred by the Company is uncollateralized, but guaranteed by Zurich Insurance Company Ltd (hereafter "ZIC") as evidenced by separate contractual agreements. The guarantee is unconditionally and irrevocably guaranteed on a senior or subordinated basis (depending of the terms of the EMTN bonds) by ZIC and covers principal and interest due by the Company on its outstanding note offerings, up to the following maximum amounts:

Debt/Notes	Amount
EUR 210 000 000 Euro bond, maturing December 20, 2021	EUR 249 515 172
USD 750 000 000 Euro bond, maturing September 20, 2013	USD 823 225 000
EUR 460 000 000 Euro bond, maturing December 4, 2014	EUR 510 574 860

As consideration for this guarantee, the Company incurred total guarantee expenses of EUR 4 889 193 in 2011 (EUR 5 029 966 in 2010). At December 31, 2011, the guarantee fee accrued liability to ZIC is EUR 148 879.

### Note 6 - Capital and reserves

The movements during the financial year in respect of capital and reserves are as follows:

	Subscribed Capital EUR	Legal Reserve EUR	Retained Earnings EUR	Results of the year EUR
As of December 31, 2010	124 000	488	(58 688)	(127 773)
Allocation of the results			(127 773)	127 773
Movements of the year				1 125 195
As of December 31, 2011	124 000	488	(186 461)	1 125 195

As of December 31, 2011 the subscribed capital is represented by 1 240 shares fully paid-up with par value of EUR 100.

## **Zurich Finance (Luxembourg) S.A.**

### **Notes to the annual accounts**

#### **Note 7 - Legal reserve**

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed except on dissolution of the Company.

#### **Note 8 - Taxes**

The Company is fully taxable in Luxembourg on both its income and net worth.

#### **Note 9 - Other operating charges**

Other operating charges amount to EUR 92 352 as at December 31, 2011 and are mainly composed of audit, tax, overhead costs, exchange rate revaluation on bank accounts and legal services.