

Dear Shareholder,

We're pleased to report our highest first-half business operating profit since 2008 and the second highest ever. This is an impressive achievement considering the unprecedented market conditions caused by the war in Europe, higher inflation, the burden of natural catastrophes and the lingering effects of the pandemic. Our work to focus on customer needs, simplify and innovate has transformed Zurich into a leaner and more agile insurer that's primed for the future. We're freeing up capital in the business with the agreed sale of life and pensions back books,¹ while also preserving value for shareholders through a planned share buyback of approximately CHF 1.8 billion.² Zurich's firing on all cylinders and on track to beat all its financial targets for the second successive strategic cycle.

Zurich Insurance Group (Zurich) first-half 2022 results show the solidity of the business and the value of our mid-term transformation. Group business operating profit (BOP) increased 25 percent to USD 3.4 billion in the first six months of the year from USD 2.7 billion in the prior-year period. All regions and business lines contributed to our successful results. The Property & Casualty (P&C) business reported today its best ever combined ratio, with continued robust top-line growth. Our Life business also continued to produce excellent results with one of the strongest ever performances for operating profit despite the adverse impact of capital markets and headwinds from currency movements.

The impact of COVID-19 on business operating profit continues to decline. COVID-19-related losses in the Life business fell to USD 26 million from USD 137 million, and at Farmers Life to USD 32 million – mostly in the first quarter – from USD 42 million. On the other hand, the benefits due to reduced claims frequency in the P&C business were immaterial compared with USD 109 million in the prior-year period.

Net income after tax attributable to shareholders was USD 2.2 billion, up 1 percent over the prior-year period. The improvement in BOP was largely offset by negative mark-to-market effects. The strength of the U.S. dollar versus other currencies was a headwind to both the reported BOP

USD 3.4bn

Business operating profit
(June 30, 2021: USD 2.7bn)

USD 2.2bn

Net income attributable
to shareholders
(June 30, 2021: USD 2.2bn)

262%

Swiss Solvency Test ratio³
(December 31, 2021 : 212%)

15.7%

Business operating profit
after tax return on common
shareholders' equity
(June 30, 2021: 13.0%)



Michel M. Liès
Chairman of the Board
of Directors



Mario Greco
Group Chief Executive
Officer

and net income. Zurich's capital position remains very strong with the Swiss Solvency Test (SST)³ ratio estimated at 262 percent, an increase of 51 percentage points over the first half and well above the Group's target for an SST ratio in excess of 160 percent.

Property & Casualty

P&C business operating profit rose 32 percent to USD 2.1 billion, driven by a record-low combined ratio of 91.9 percent and 8 percent top-line growth. The reduction in the combined ratio was mainly driven by an improvement in underwriting profitability with higher prices feeding into the results.

Natural catastrophe and weather claims, which were slightly above expectations, were significantly lower than in the prior year. These improvements were partially offset by the absence of the prior year's favorable net impact from COVID-19 and realized capital losses of USD 51 million, mainly driven by the Group's hedge fund portfolio due to adverse financial markets, compared with a gain of USD 62 million in the prior-year period.

Gross written premiums grew by 13 percent on a like-for-like⁴ basis in the first half of 2022, with strong growth achieved in both commercial insurance and the retail business. Growth continued to be supported by significant rate increases in the Group's commercial business across all regions, with these trends expected to continue into 2023.

Life

The Group's Life business delivered a strong performance during the first half of the year, with continued focus on the execution of its long-term strategy to grow protection and capital-light savings products.

First-half BOP of USD 903 million was up 13 percent compared with the prior-year period, despite unfavorable currency movements due to U.S. dollar appreciation against other major currencies. On a like-for-like⁴ basis, Life BOP rose by 25 percent. Lower COVID-19 claims and a stronger operating performance more than offset the adverse effects of financial markets.

Life new business annual premium equivalent (APE) increased 3 percent on a like-for-like⁴ basis in the first half. Growth was driven by higher sales in capital-efficient savings and protection products, which accounted for 95 percent of first-half APE. New business margin remained attractive at 26.5 percent, down from 30.5 percent in the previous year, due to adverse economic variances, modelling and assumption updates, and a less-favorable product mix within our preferred lines of business. These factors also resulted in new business value of USD 425 million, 10 percent below prior year on a like-for-like⁴ basis.

Farmers

Gross written premiums of the Farmers Exchanges⁵ increased 15 percent in the first half of the year, following the acquisition of the MetLife U.S. P&C business in April 2021 and organic growth in the Business Insurance, Farmers Specialty and Farmers Home businesses. The Farmers Exchanges⁵ combined ratio improved by 0.5 percentage points to 104.4 percent, mainly driven by a reduction in catastrophe losses and a lower expense ratio compared with the prior year. This was largely offset by an increase in the non-catastrophe loss ratio following inflationary pressures.

Farmers BOP of USD 893 million was up 15 percent compared with the prior-year period, mainly driven by a 14 percent increase in BOP at Farmers Management Services and a small gain at Farmers Re following an improved combined ratio. Farmers Life BOP of USD 60 million was in line with the first half of last year.

Special share buyback of CHF 1.8 billion²

The Group continues to focus on optimizing its capital allocation. In the first half, Zurich announced agreements to sell two legacy traditional life insurance back books in Italy and Germany to GamaLife and Viridium, respectively.¹ The Group plans a CHF 1.8 billion² share buyback to offset the expected earnings dilution from the agreed sale of the Germany life back book.¹ The buyback is expected to commence in the coming months, subject to market conditions and regulatory approvals. While the primary goal of the Germany life back book transaction is to reduce capital volatility, the portfolio is, and has been, a reliable contributor to earnings and it is not possible to immediately redeploy capital to offset this effect. The buyback is consistent with the Group's prior position to avoid or compensate actions that would otherwise have a dilutive effect on shareholders.

Humanitarian relief for Ukraine

Zurich and the Z Zurich Foundation⁶ (the Foundation) have set in place various initiatives to help the huge numbers of people impacted by the war, including fundraising, providing insurance coverage for customers hosting refugees and increasing volunteer days for employees. In June, Zurich delivered 207 tons of direct food aid to the war-torn city of Kharkiv via train, providing basic food for 5,000 people for one month.

In February, the Foundation raised CHF 2 million (including donation matching from the Foundation) to help the victims of the war. The amount raised from individual donations was the largest in the Foundation's 49-year history.

Zurich joined the Global Coalition for Youth Mental Well-being, an initiative to address the shortage of funding and action in support of young people's mental health, and donated CHF 1 million. The Coalition was launched in April by the Foundation, together with UNICEF. Its first campaign was to raise funds for programs to support the mental health and psychological well-being of young refugees who have fled the war in Ukraine. The Foundation separately pledged to match every donation made to the campaign up to a maximum of CHF 1 million.

Sale of the Russian business

We sold our business in Russia to 11 members of the local team. Under its new owners, the business will operate independently under a different brand, while Zurich will no longer conduct business operations in Russia. In 2021, Zurich Russia had gross written premiums of approximately USD 34 million, including USD 3 million from domestic customers.

Delivering on sustainability

The Group took further tangible steps toward its vision of being one of the most responsible and impactful businesses in the world. The outcome of our work on reducing the impact of our operational footprint is increasingly apparent with total emissions down 73 percent⁷ relative to the 2019 baseline. We are confident that we are on track to achieve durable reductions of 50 percent by 2025 and 70 percent by 2029.

We continued to support the restoration of part of the Atlantic Forest in Brazil to create a biodiverse and self-sustaining ecosystem on land formerly cleared for cattle farming, with 227,000 seedlings of native tree varieties planted since 2020.

And, in May, the Group's MSCI ESG rating was upgraded to the highest possible rating of AAA from a previous rating of AA.

Satisfied customers

Throughout the first half, the Group continued to advance its customer-focused strategy, which has again delivered higher customer satisfaction across the business. Net promoter scores have made further positive progress in the majority of retail markets as we deploy digital tools and enhanced insights to improve customer experience. Retail customer numbers continued to grow, helped by our continued strength in partnerships, with a net increase of more than 850,000.⁸

Senior appointment

In May, we welcomed Stephan van Vliet to Zurich as Group Chief Investment Officer and a member of the Executive Committee. Mr. van Vliet brings to the role his extensive international experience in asset management in the insurance sector, having spent his career in both Europe and Asia.

New strategic cycle

Since the 2016 announcement of our strategy to focus on customer needs and make Zurich simpler and more innovative, we have set about changing the structure of our organization. We have refocused our commercial business and strengthened technical expertise. We have changed the portfolios to reduce their volatility and we consolidated major market positions. We have raised customer and employee satisfaction, created a diverse and highly qualified leadership team and have become one of the most sustainable insurers.

As we prepare to present our plans for the next three years at our Investor Day in November, we are confident that we are well placed to further lead the transformation of the industry and continue to reward our shareholders well.

We thank you for your continued engagement and support.

Yours sincerely,



Michel M. Liès
Chairman of the
Board of Directors



Mario Greco
Group Chief
Executive Officer

Financial calendar

**Update for the nine
months ended
September 30, 2022**
November 10, 2022

Investor Day 2022
November 16, 2022

Annual results 2022
February 9, 2023

**Annual General
Meeting 2023**
April 6, 2023

Note: all dates are subject to change

¹ The announced sale of the Italian life and pensions back book to GamaLife, which is expected to be completed in the second half of 2022, and the announced sale of the German traditional life insurance back books to Viridium are both subject to regulatory approval.

² Subject to regulatory approvals; volume of buyback calculated as being sufficient to offset anticipated earnings dilution from Germany life back book sale.

³ Estimated Swiss Solvency Test (SST) ratio, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA.

⁴ In local currencies and adjusted for the announced sale of the Italian life and pensions back book to GamaLife expected to be completed in the second half of 2022 subject to regulatory approval.

⁵ Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

⁶ The Z Zurich Foundation is a charitable foundation funded by various members of the Group. It is the main vehicle by which the Group delivers on its global community investment strategy.

⁷ Based on FY-21.

⁸ Excluding Farmers Exchanges. Based on Australia, Brazil, Germany, Japan, Italy, Santander JV, Spain, Switzerland and UK.

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.

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

Persons requiring advice should consult an independent adviser.

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The Letter to Shareholders is published in English and German. In the event of inconsistencies in the German translation, the English original version shall prevail.

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