**Media Release**
August 8, 2024
Ad hoc announcement pursuant to Art. 53 of the Listing Rules

# Zurich reports record operating profit in first half; strong progress toward exceeding all 2025 targets

- **Group business operating profit (BOP) up 7% to a record USD 4.0 billion; highest ever return on equity (BOPAT ROE) of 25.0%.**
- **Net income attributable to shareholders rises 21% to USD 3.0 billion.**
- **Property & Casualty (P&C) BOP of USD 2.2 billion is up 3% on a like-for-like[1] basis, with a combined ratio of 93.6%.**
- **Commercial P&C returns remain highly attractive with a combined ratio of 91.4%, Retail combined ratio at 96.4%.**
- **Life BOP at record level of USD 1.0 billion driven by strong growth in Europe.**
- **Farmers achieves highest ever BOP of USD 1.1 billion, up 12%; Farmers Exchanges[2] combined ratio improved by more than 16 percentage points to 95.2%, despite significant catastrophe events.**
- **Very strong capital position with Swiss Solvency Test (SST) ratio at 232%.[3]**

Zurich Insurance Group (Zurich) delivered strong results in the first six months of 2024. The results are driven by an ongoing robust performance in P&C, a record BOP in the Life business, and excellent growth at Farmers. The market environment for Commercial P&C remains highly attractive, with rates responding well to loss-cost trends. Retail and SME P&C results show improvement over the second half of 2023, despite significant weather events. This was driven by strong rate increases, supported by improved customer satisfaction and retention.

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I am very pleased with these results which reflect excellent performance across all our businesses. This will continue to enable us to deliver strong returns for our shareholders. Market conditions have remained more favorable than anticipated and we observe today many opportunities to profitably grow the business.

**Mario Greco,** Group Chief Executive Officer

**Select financial highlights (unaudited)**
for the six months ended June 30, 2024, unless otherwise stated
(for a more comprehensive set of financial highlights see page 6).

| BOP (in USD billions) | BOPAT ROE | NIAS (in USD billions) | Diluted EPS (in USD) |
|---|---|---|---|
| **4.0** | **25.0%** | **3.0** | **20.8** |
| 2023: **3.7** | 2023: **22.9%** | 2023: **2.5** | |
| Change in USD: **7%** | Change: **2.2pts** | Change in USD: **21%** | |

The P&C business delivered a strong BOP of USD 2.2 billion, up 3% in local currency. This was underpinned by increased insurance revenue and improved investment results, while EMEA and North America experienced higher weather and catastrophe losses. Overall, insurance revenue increased by 6% on a like-for-like[1] basis, reflecting the Group's continued focus on profitable growth. Natural catastrophe losses totaled 2.4% compared to 1.8% in the first half of 2023.

Zurich's market-leading Commercial Insurance business maintained its high level of profitability with a combined ratio of 91.4% including catastrophe losses of 3.0 percentage points, delivering an exceptional BOP contribution of USD 1.8 billion. The U.S. mid-market and accident & health businesses continued to show strong top-line growth.

In Retail, gross written premiums grew 10% over last year with continued rate increases and strong new business sales in EMEA, greater travel business in Asia Pacific, and higher property, affinities, and motor sales in Latin America. The combined ratio of 96.4% increased 0.6 percentage points compared with the first half of 2023, reflecting higher weather and catastrophe losses. Compared with the second half of 2023, it has improved by 7.3 percentage points, following lower catastrophe losses, underwriting actions and rate increases.

Zurich's Life business reported a record performance, achieving the highest ever BOP for a first half-year, up 12% to USD 1 billion, with a strong contribution from EMEA. This performance benefited from a higher contractual service margin (CSM), increased assets under management and growth in short-term protection. New business premiums[4] grew by 5% on a like-for-like[1] basis driven by strong sales in unit-linked, primarily through Zurich's bank distribution partners, and higher sales of protection products in Japan and the UK.

Farmers reported the highest ever BOP of USD 1.1 billion for the first six months, a 12% increase compared with the prior-year period. Farmers Management Services' (FMS) BOP was up 10%, driven by continued premium growth at the Farmers Exchanges,[2] as well as a higher margin year-on-year. The combined ratio of 95.2% for the first half of the year was 16.4 percentage points lower than prior year, driven by the earn-through of higher premium rates and lower expenses, and despite significant catastrophe losses. Farmers Re compared favorably to the prior year reflecting the improved underwriting at the Farmers Exchanges.[2] The Farmers Exchanges[2] surplus ratio was 34.5% following the maturing of a tranche of surplus notes in May 2024.

# Business performance

## Property & Casualty

in USD millions, for the six months ended June 30 unless otherwise stated.

| | 2024 | 2023 | Change in USD[5] | Change like-for-like[1] |
|---|---|---|---|---|
| P&C business operating profit (BOP) | **2,224** | 2,247 | (1%) | **3%** |
| P&C gross written premium and policy fees | **25,342** | 24,560 | 3% | **3%** |
| P&C insurance revenue | **21,446** | 20,163 | 6% | **6%** |
| P&C combined ratio | **93.6%** | 92.9% | (0.7pts) | Nm |

**P&C business** operating profit (BOP) of USD 2,224 million was 1% lower than in the previous year in U.S. dollars, but up 3% in local currencies. The higher insurance revenue and a strong investment result were partially offset by a higher combined ratio, which increased 0.7 percentage points year over year to 93.6%, mainly driven by catastrophe losses. The Group continues to maintain a cautious approach to reserving while implementing actions to address the profitability of the retail business.

Gross written premiums grew 3% in U.S. dollars and on a like-for-like[1] basis, but growth was impacted by less favorable commodity prices in the U.S. crop business. Excluding crop, gross written premiums increased 6%. Insurance revenue rose 6% in U.S. dollars and on a like-for-like[1] basis, benefiting from the earn-through of growth in gross written premiums. The Group achieved price increases of 5% in the first half of the year which is in line with Q1-24.

**In Commercial Insurance**, gross written premiums remained stable with an overall rate increase of 5% compared to the prior year. Gross written premiums declined 2% in North America, driven by declining crop insurance volumes. In EMEA, gross written premiums increased 7%. The combined ratio of 91.4% for the first half of the year increased 0.3 percentage points year over year, including 0.5 percentage points of higher catastrophe losses, partially offset by more favorable prior year development.

**In Retail**, gross written premiums increased 10% supported by rate changes of 5% during the first six month of the year. EMEA showed strong top-line growth of 9% due to further rate strengthening driven by an 8% increase in motor rates and overall net new business. Zurich remains committed to its goal of strengthening customer loyalty and establishing its position as the insurer of choice. Over the past six years, the Group has consistently improved its transactional net promoter score (TNPS), a measure of customer satisfaction. That strong momentum has continued into the first half of 2024 with a 3 percentage points increase. The customer retention rate is up by 2 percentage points despite rate increases. This contributed to record growth in the Group's Retail customer base with 1.9 million net new customers. Zurich continues to secure opportunities for future Retail growth. As part of these efforts, the Group successfully closed its acquisition of a 70% stake in India's Kotak Mahindra General Insurance, and has announced the agreement to acquire AIG's global personal travel insurance and assistance business.

**Life**
in USD millions, for the six months ended June 30 unless otherwise stated.

| | 2024 | 2023 | Change in USD | Change like-for-like[1] |
|---|---|---|---|---|
| Life business operating profit (BOP) | **1,048** | 939 | 12% | **13%** |
| Life present value of new business premiums (PVNBP)[4] | **8,510** | 8,242 | 3% | **5%** |
| Life new business contractual service margin (NB CSM) | **543** | 536 | 1% | **2%** |
| Life insurance revenue, short-term contracts | **1,363** | 1,089 | 25% | **12%** |
| Life fee revenue, investment contracts | **345** | 316 | 9% | **9%** |

**Life** BOP was up 12% to USD 1,048 million, an all-time high for the first half. Growth was primarily driven by EMEA, which benefited from higher fees, investment result, favorable experience in Switzerland, the UK and Italy, and a non-recurring benefit of approximately USD 50 million related to the non-completion of the disposal of a legacy Life back book in Germany. BOP also increased in Asia Pacific driven by a higher contractual service margin (CSM) and more favorable claims experience.

Life insurance new business premiums[4] increased 3% in U.S. dollar terms and 5% on a like-for-like[1] basis to USD 8,510 million, driven by Zurich's preferred lines of protection and unit-linked.

Protection new business premiums increased 18% year-on-year on a like-for-like[1] basis to USD 3,074 million, driven by growth in EMEA and Asia Pacific, most notably in the UK and in Japan. Insurance revenues for short-term protection products increased 12% on a like-for-like[1] basis driven by strong sales in Latin America.

Unit-linked new business premiums increased 23% year-on-year on a like-for-like[1] basis to USD 4,599 million. Bank distribution was a key driver of growth, particularly in Latin America, through the joint venture with Banco Santander, and in EMEA through the joint venture with Banco Sabadell and distribution agreement with Deutsche Bank. Fee revenue generated by investment contracts, which are mainly written in EMEA, grew 9% driven by higher assets under management resulting from favorable market movements and net inflows.

Growth in protection and unit-linked more than offset lower new business premiums in savings, which saw exceptional sales volumes in Spain in the prior-year period.

**Farmers**
in USD millions, for the six months ended June 30 unless otherwise stated.

| | 2024 | 2023 | Change in USD |
|---|---|---|---|
| **Farmers Exchanges**[2] | | | |
| Gross written premiums | **14,257** | 13,572 | 5% |
| Gross earned premiums | **13,833** | 13,101 | 6% |
| Combined ratio | **95.2%** | 111.6% | 16.4pts |
| Surplus ratio[6] | **34.5%** | 33.6% | 0.9pts |
| **Farmers** | | | |
| Farmers business operating profit (BOP) | **1,115** | 993 | 12% |

**The Farmers Exchanges**,[2] which are owned by their policyholders, reported gross written premiums 5% higher than the prior year driven by continued pricing actions. Gross earned premiums increased by 6% over the same period.

The Farmers Exchanges[2] combined ratio of 95.2% was 16.4 percentage points lower than the prior year driven by the earn-through of higher premium rates and lower expenses, and despite significant catastrophe losses. The continued strong focus on pricing led to an earned rate impact of 18% for the period.

The surplus ratio improved by 0.9 percentage points to 34.5%, with organic surplus growth partially offset by a tranche of surplus notes which matured in May 2024.

**Farmers** BOP rose 12% compared with the prior-year period. The Farmers Management Services (FMS) result was supported by higher gross earned premium base of the Farmers Exchanges[2], increased margin and lower operating expenses. Farmers Re compared favorably to the prior year following improved underwriting at the Farmers Exchanges[2] and a higher participation rate of 10.0% compared with 8.5%. This was partially offset by lower BOP from Farmers Life reflecting the completion of the reinsurance agreement to cede its in-force individual life portfolio to Resolution Life in August 2023.

## Capital position

As of June 30, 2024, Zurich's Swiss Solvency Test (SST) ratio is estimated at 232%[3] and remains well in excess of the Group's target level of at least 160%. This compares with 234% as of January 1, 2024.

1 Like-for-like comparisons represent the change in local currencies, excluding Argentina (for which top-line and new business metrics are distorted by inflation and currency depreciation) and after adjusting for acquisitions and disposals, for the reclassification of Zurich Global Employee Benefit Solutions from Group Functions and Operations to Life and for the impact of a Life portfolio accounted for with the premium allocation approach in 2024 (previously accounted for with the building block approach).
2 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.
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 has to be filed with FINMA by end of April each year and is subject to review by FINMA.
4 Within the CSM perimeter.
5 Parentheses around numbers represent an adverse variance.
6 Surplus ratio as of June 30, 2024, and December 31, 2023, respectively.

## Financial highlights (unaudited)

The following table presents the summarized consolidated results of the Group for the six months ended June 30, 2024, and June 30, 2023, and the financial position as of June 30, 2024, and June 30, 2023, respectively. 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 add up to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts. This document should be read in conjunction with other financial reports published by Zurich Insurance Group on zurich.com. In addition to the figures stated in accordance with International Financial Reporting Standards (IFRS), the Group uses business operating profit (BOP), new business measures and other performance indicators to enhance the understanding of its results. Details of these measures are set out in the separately published Glossary. These should be viewed as complementary to, and not as substitutes for the IFRS figures.

In USD millions, for the six months ended June 30 unless otherwise stated.

| | 2024 | 2023 | Change[1] |
|---|---|---|---|
| Business operating profit (BOP) | **3,988** | 3,720 | 7% |
| Net income attributable to shareholders after tax | **3,026** | 2,492 | 21% |
| P&C business operating profit (BOP) | **2,224** | 2,247 | (1%) |
| P&C gross written premiums and policy fees | **25,342** | 24,560 | 3% |
| P&C insurance revenue | **21,446** | 20,163 | 6% |
| P&C combined ratio | **93.6%** | 92.9% | (0.7pts) |
| Life business operating profit (BOP) | **1,048** | 939 | 12% |
| Life present value of new business premiums (PVNBP) | **8,510** | 8,242 | 3% |
| Life new business contractual service margin (NB CSM) | **543** | 536 | 1% |
| Life insurance revenue, short-term contracts | **1,363** | 1,089 | 25% |
| Life fee revenue, investment contracts | **345** | 316 | 9% |
| Farmers business operating profit (BOP) | **1,115** | 993 | 12% |
| Farmers Management Services managed gross earned premium (GEP) margin | **7.0%** | 6.7% | 0.3pts |
| Average Group investments[2] | **149,189** | 142,494 | 5% |
| Net investment result on Group investments[2] | **3,385** | 2,569 | 32% |
| Net investment return on Group investments[2,3] | **2.3%** | 1.8% | 0.5pts |
| Total return on Group investments[2,3] | **0.9%** | 2.7% | (1.8pts) |
| Shareholders' equity | **24,119** | 23,843 | 1% |
| Swiss Solvency Test[4] | **232%** | 234% | (1pts) |
| Diluted earnings per share (in CHF) | **18.50** | 15.47 | 20% |
| Book value per share (in CHF) | **150.11** | 147.17 | 2% |
| Return on common shareholders' equity (ROE)[5] | **25.7%** | 20.3% | 5.4pts |
| Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)[5] | **25.0%** | 22.9% | 2.2pts |

1 Parentheses around numbers represent an adverse variance.
2 Including investment cash and derivatives.
3 Calculated on average Group investments.
4 Ratios as of June 30, 2024 and January 1, 2024. Estimated Swiss Solvency Test ratio (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.
5 Shareholders' equity used to determine ROE and BOPAT ROE is adjusted for net unrealized gains/(losses).

## Further information

Supplemental financial information and written comments to accompany the investor presentation, as well as the Half-Year Report 2024 are available on Zurich's webpage.

## Q&A session for media

There will be a conference call Q&A session for media starting at 09:00 CEST. Media may dial in using the details provided below. The call will be held in English. Please dial in approximately 10 minutes prior to the start of the conference call.

| | |
|---|---|
| Switzerland | +41 58 310 50 00 |
| U.K. | +44 207 107 0613 |
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## Q&A session for analysts and investors

There will be a conference call Q&A session for analysts and investors starting at 13:00 CEST. Media may listen in. A podcast of this Q&A session will be available from 17:00 CEST.

Participants who wish to attend the Live Q&A session will need to register ahead of the call under this link (Zurich Q&A call registration ) and follow the on-screen instructions.

**Zurich Insurance Group (Zurich)** is a leading multi-line insurer serving people and businesses in more than 200 countries and territories. Founded 150 years ago, Zurich is transforming insurance. In addition to providing insurance protection, Zurich is increasingly offering prevention services such as those that promote wellbeing and enhance climate resilience.

Reflecting its purpose to 'create a brighter future together,' Zurich aspires to be one of the most responsible and impactful businesses in the world. It is targeting net-zero emissions by 2050 and has the highest-possible ESG rating from MSCI. In 2020, Zurich launched the Zurich Forest project to support reforestation and biodiversity restoration in Brazil.

The Group has about 60,000 employees and is headquartered in Zurich, Switzerland. Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt (ZURVY) program, which is traded over-the-counter on OTCQX. Further information is available at www.zurich.com.

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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. 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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