Half year results 2020

Investor and media presentation

August 13, 2020

Content

MAIN SECTIONS

(use symbols to navigate through the document)

OTHER IMPORTANT INFORMATION

(use symbols to navigate through the document)

Key messages

Solid HY-20 performance	Solid first half performance against an unprecedented backdrop of global pandemic and recession Support of customers through the crisis reflected in higher customer satisfaction scores
Manageable earnings impact from COVID-19	Overall impact of USD 686m in HY-20 BOP; Estimated P&C claims of USD 750m[1] for full year including secondary liability exposures related to COVID-19, fully booked within HY-20 BOP
Strong foundation and strategy unchanged	Our delivery over 2016-19 created a simpler, more agile and efficient company and the Group is accelerating the execution of the customer focused strategy and the digitalization of the business
Well positioned for higher commercial pricing	Strong growth in P&C commercial with GWP up 8% like-for-like; Reshaping of portfolio in recent years positions business to further benefit from strong rate increases
Resilient balance sheet and conservative investments	Z-ECM ratio of 102%[2] and regulatory SST ratio of 185%[3] as of June 30; Strong liquidity position and conservative investment portfolio

1 Based on current assessments, subject to some degree of uncertainty considering the continuing nature of the event.
2 HY-20 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.
3 Estimated Swiss Solvency Test ratio, after application of standard yield curves as allowed by FINMA. The SST ratio accounts for EUR 750m subordinated debt issued on June 9, 2020 and approved as eligible risk-bearing capital by FINMA on July 22, 2020.

COVID-19: We have earned the trust and confidence of customers and employees through our actions with improved satisfaction levels

ZURICH

SUPPORT FOR CUSTOMERS

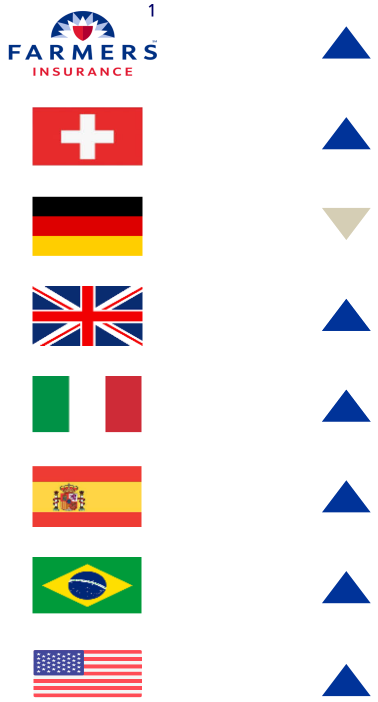
ZURICH >USD 100m

FARMERS INSURANCE[1] ~USD 300m[2]

- Supported Bauer Hockey's shift to making face shields for front-line health workers
- Assisted a New Jersey hospital in activating vacant site for patients

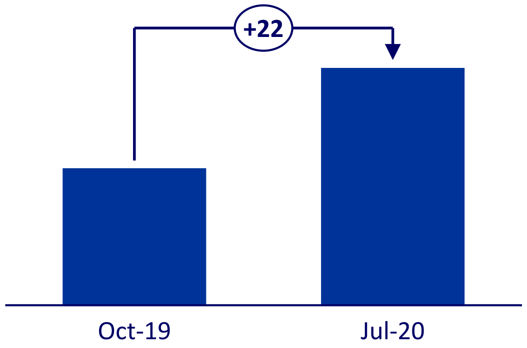
STRENGTHENED CUSTOMER FOCUS

Retail NPS move[3]



INCREASED EMPLOYEE SATISFACTION

NPS place to work



Support during COVID-19 crisis:

- Rapid move to working from home
- Provision of IT and office equipment
- Hospitalization benefits for employees and their families

1 For all references to Farmers Exchanges see the disclaimer and cautionary statements.
2 Farmers Exchanges GWP impact of premium refunds announced on April 30, 2020.
3 HY-20 vs. FY-19. North America NPS data reflects commercial business.

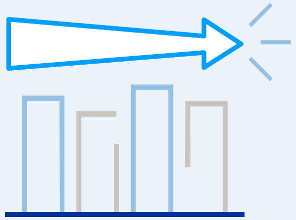
Well positioned for future success

Resilient

A balanced and diverse global business

Industry leading capital levels with strong liquidity

Stable, consistent and conservatively managed balance sheet



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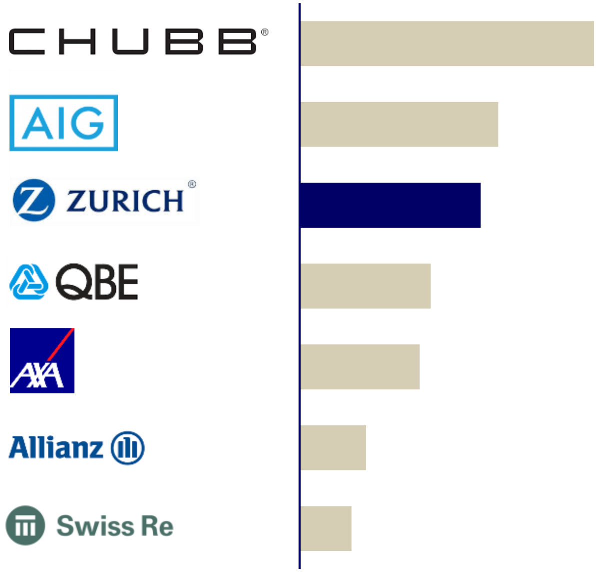
Strategy

Focus on customers and underwriting discipline

- Focus on the customer
- Simplify
- Innovate

A leading global commercial insurer with strong growth and improved pricing

RANKING (FY-19 NEP, USDbn)[1]

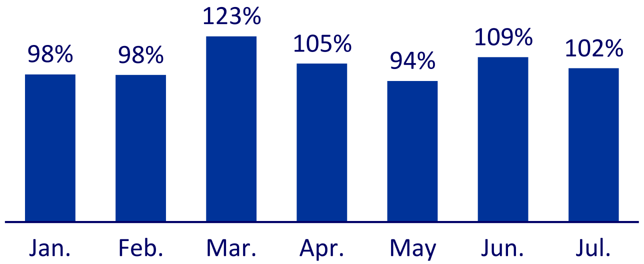


HY-20 P&C COMMERCIAL GROWTH (%)

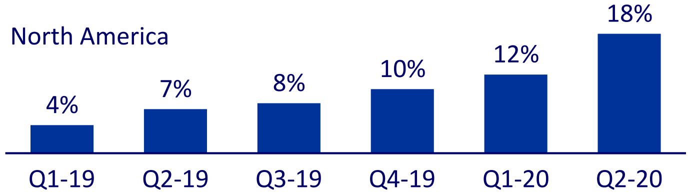
67%
Commercial share of HY-20 P&C GWP[2]

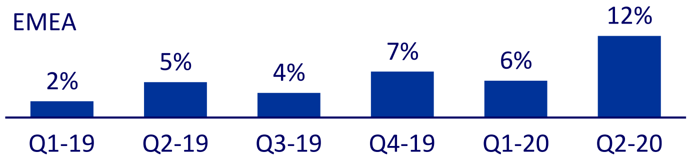
8%
HY-20 GWP growth (like-for-like[3])

Example: P&C North America (Monthly GWP vs 2019, %)



P&C COMMERCIAL RATE CHANGE (%)





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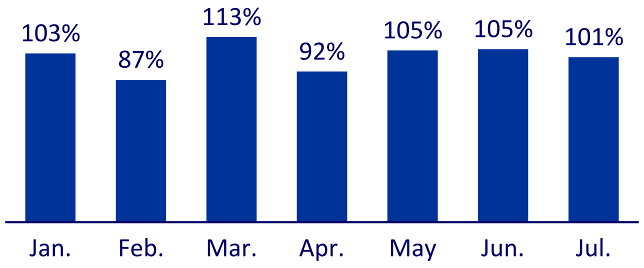
improved
terms & conditions

1 Source: Company reports. Data includes only primary insurance and is on a more comparable basis. Zurich view includes alternative markets in North America and municipal business in the UK and excludes SME business.
2 Excluding Group Reinsurance and Eliminations.
3 In local currency and after adjusting for closed acquisitions and disposals.

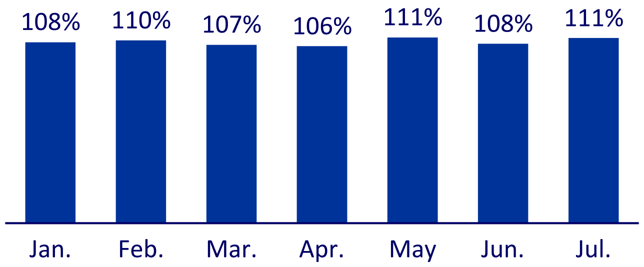
Retail business has been resilient with digital businesses growing but travel business faces a slow recovery

HY-20 P&C RETAIL GROWTH (%)

Agency example: P&C Switzerland (Monthly GWP vs 2019, %)



Digital example: P&C Japan (Monthly GWP vs 2019, %)

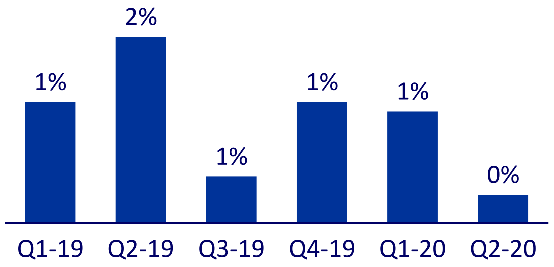


HY-20 P&C RETAIL GROWTH (%)

33%
Retail share of HY-20 P&C GWP[1]

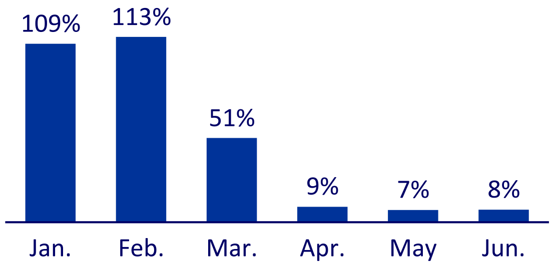
-3%
HY-20 GWP growth (like-for-like[2])

P&C EMEA retail rate change (%)



COVER-MORE

Monthly sales vs 2019 (%)



- Actively managing costs, while positioning Cover-More for longer term recovery

1 Excluding Group Reinsurance and Eliminations.
2 In local currency and after adjusting for closed acquisitions and disposals.

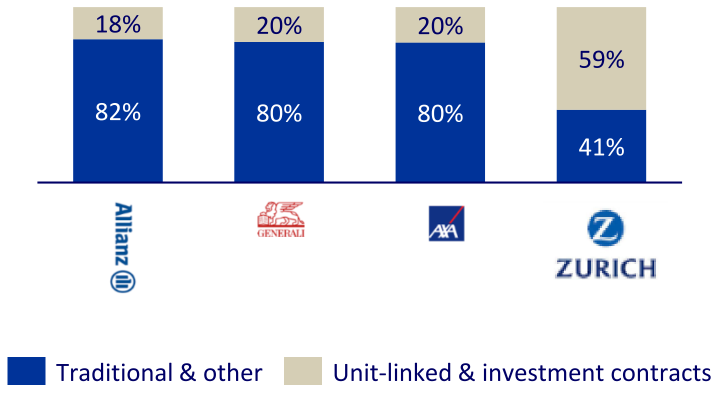
Life business well positioned with limited exposure to traditional savings; Sales trends improving particularly in the bank channel

TRADITIONAL SAVINGS UNDER PRESSURE

-0.2%

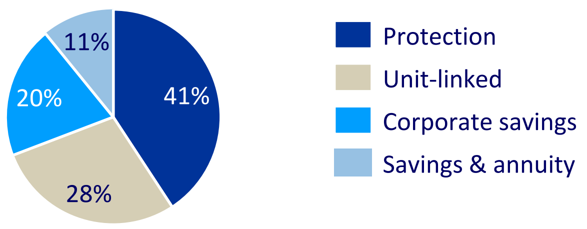
Current interest rate
10y EUR bond

FY-19 split gross reserves & liabilities (%)

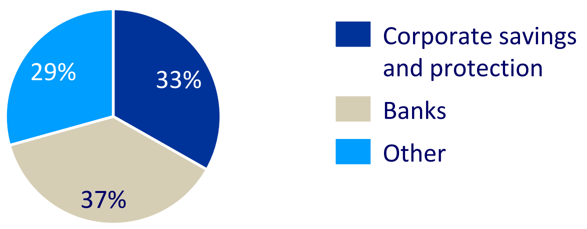


HY-20 NEW BUSINESS APE MIX (%)

By line of business

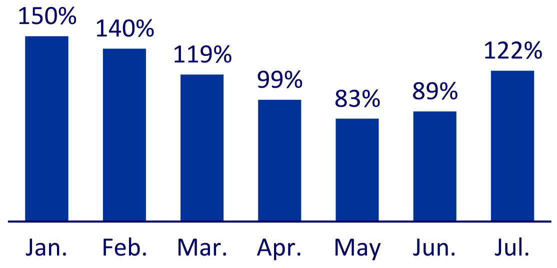


By distribution channel

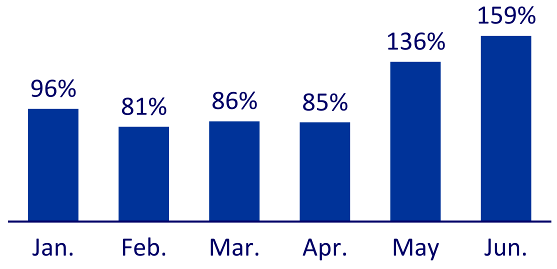


HY-20 LIFE GROWTH (%)

Example: Life Switzerland retail (Monthly APE vs 2019, %)



Example: Life Santander (Monthly APE vs 2019, %)



We are accelerating the execution of our customer focused strategy and the digitalization of our business

ZURICH

HY-20 KEY ACHIEVEMENTS

Strengthened position in accident & health with the acquisition of the SME portfolio of CSS Versicherung AG in Switzerland

Enhanced agents' digital tools to increase productivity and facilitate customer interactions during lockdown

Launched long-term strategic alliance with Orange in Spain

Strengthened North America management team with the appointment of a U.S. Head of Middle Market

GLOBAL WELLCARE BUSINESS ESTABLISHED

Global approach, flexible and modular offering

Retail proposition to be introduced in selected markets in Asia, Latin America and Europe

SME and corporate propositions to be introduced later this year

ACCELERATED ROLL-OUT OF ZCAM[1]

360° customer view

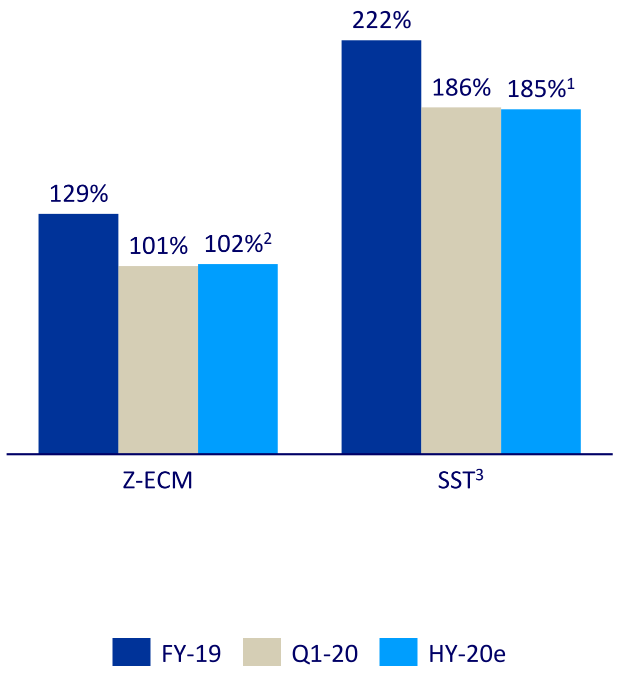
Artificial intelligence driven insights to predict next customer need

100% integration with sales channels

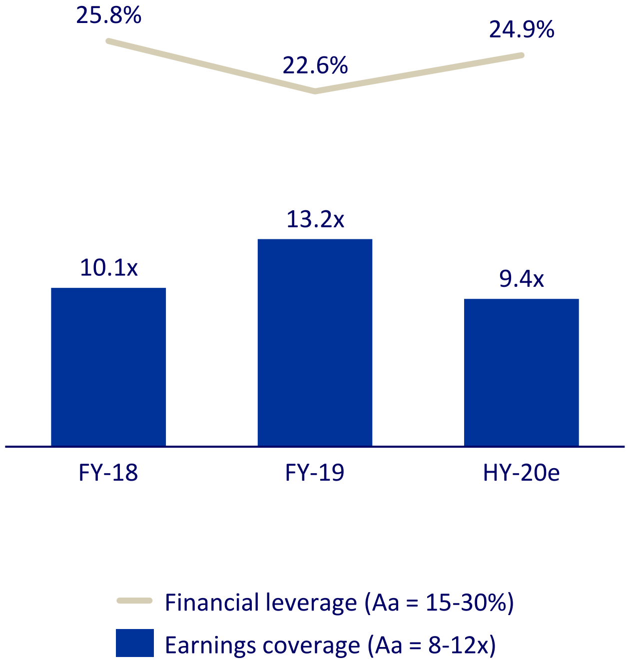
[1] Zurich Customer Active Management.

Resilient balance sheet and conservative investments

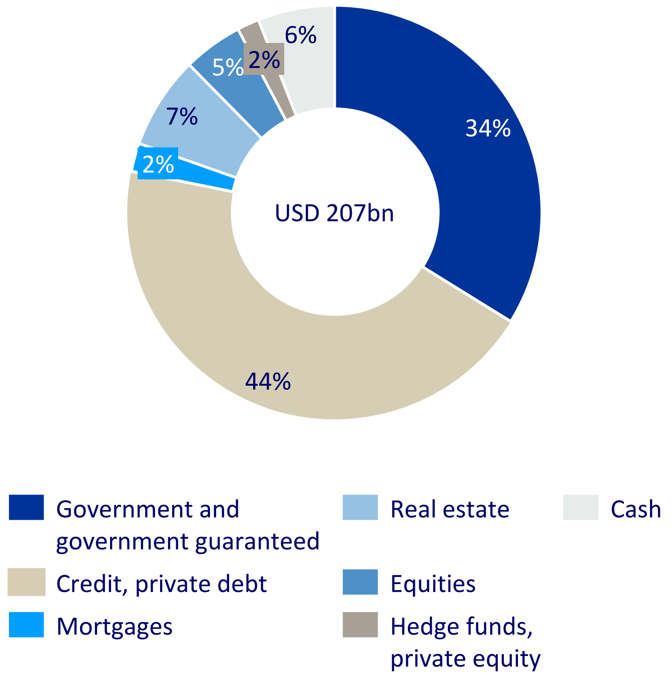
GROUP SOLVENCY (%)



MOODY'S LEVERAGE (%) & COVERAGE (x)



HY-20 GROUP INVESTMENTS (%)



1 Estimated HY-20 SST ratio accounts for EUR 750m subordinated debt issued on June 9, 2020 and approved as eligible risk-bearing capital by FINMA on July 22, 2020.
2 HY-20 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.
3 Starting March 31, 2020, the Group's Swiss Solvency Test (SST) internal model generally applies standard yield curves as allowed by FINMA. The SST ratio as of January 1, 2020 stated has been calculated on the basis of this updated internal model and hence, diverges from the 2019 full year SST ratio filed with FINMA and disclosed on May 14, 2020. All SST ratios above are estimates.

Simple execution, higher ambition

2016 – 2019 ACHIEVEMENTS

SIMPLIFIED AND FLEXIBLE ORGANIZATION

- ✓ Delayered structure
- ✓ Simplified IT landscape
- ✓ Simplified products and services

IMPROVED EFFICIENCY

- ✓ Over-delivered on USD 1.5bn savings program
- ✓ Reduced corporate center expenses

STRENGTHENED BUSINESS AND CULTURE

- ✓ Strengthened position of our key countries
- ✓ Improved the Commercial profitability
- ✓ Built culture of customer focus and innovation
- ✓ Reinvigorated growth with low earnings volatility

2020 – 2022 AMBITION

BOPAT ROE[1]	>14%
Cumulative cash remittances	USD >11.5bn
Z-ECM	100-120%
Earnings per share growth[2]	>5% p.a.

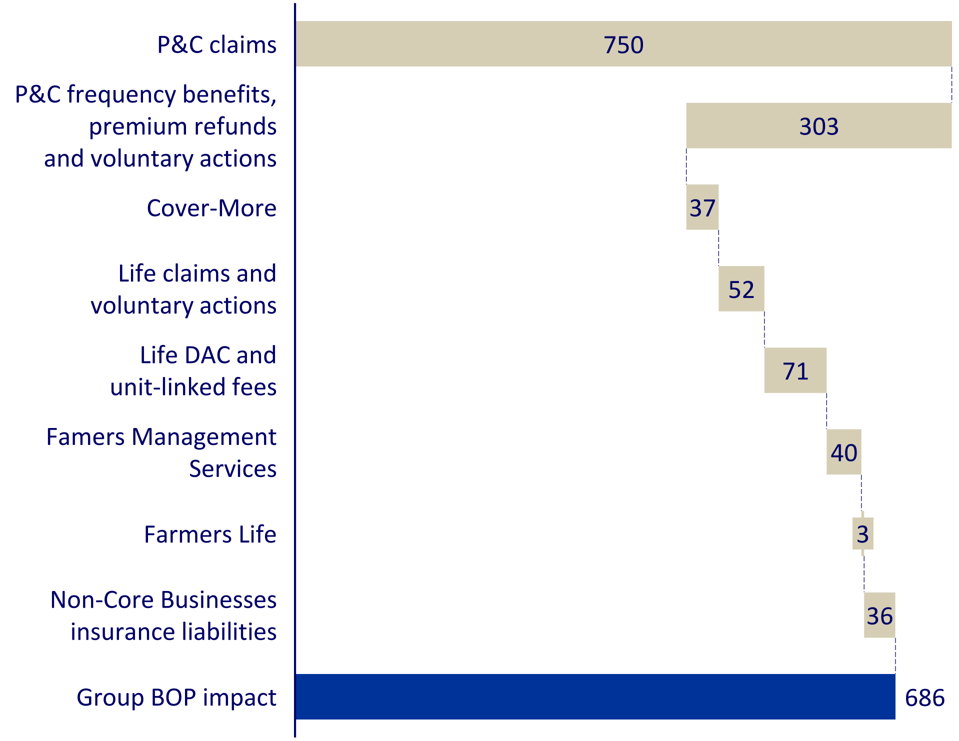
1 Business operating profit after tax return on equity, excluding unrealized gains and losses.
2 Before capital deployment.

CFO update

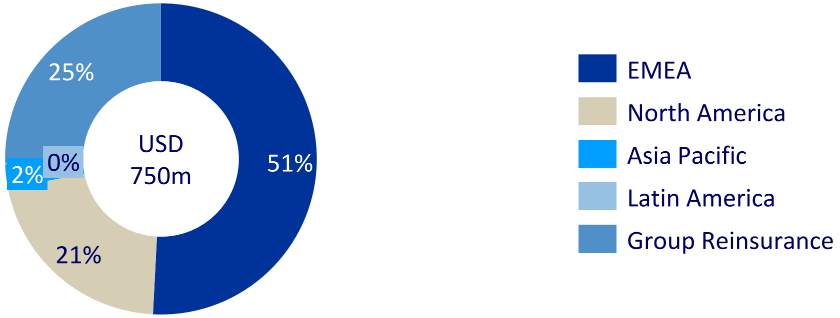



COVID-19 remains an earnings event; P&C claims estimated to be USD 750m[1] for FY-20

HY-20 COVID-19 GROUP BOP IMPACT (USDm)[2]



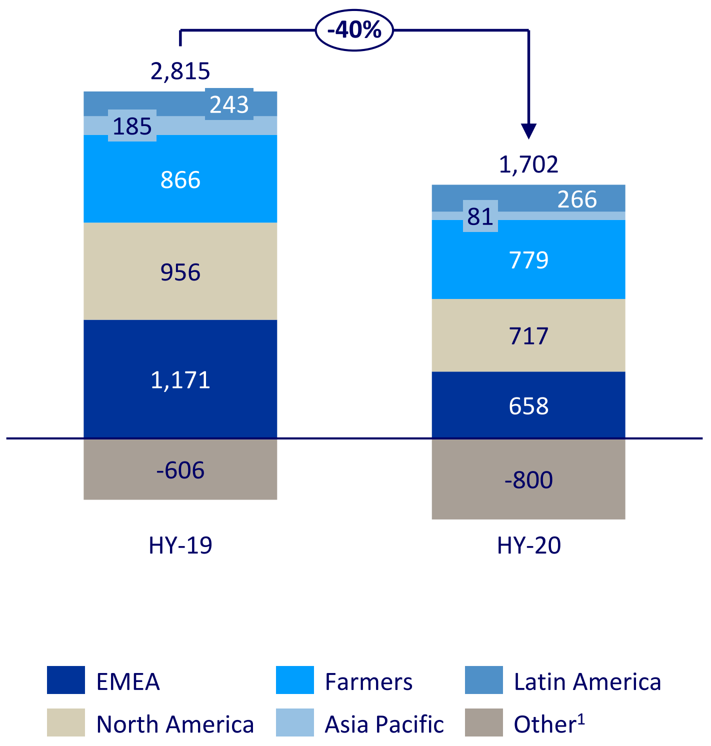
HY-20 PROPERTY & CASUALTY CLAIMS



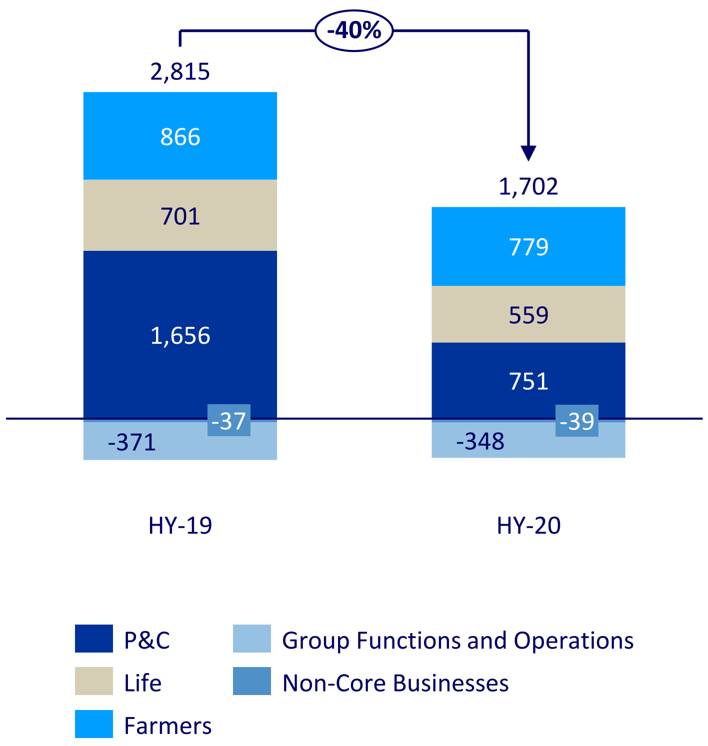
1 Based on current assessments, subject to some degree of uncertainty considering the continuing nature of the event.
2 Not included are either impacts from volume changes or exchange rate movements related to COVID-19 nor other management actions.

Group BOP development driven by COVID-19, higher catastrophe losses and other macro economic developments

BOP BY REGION (USDm)



BOP BY BUSINESS (USDm)



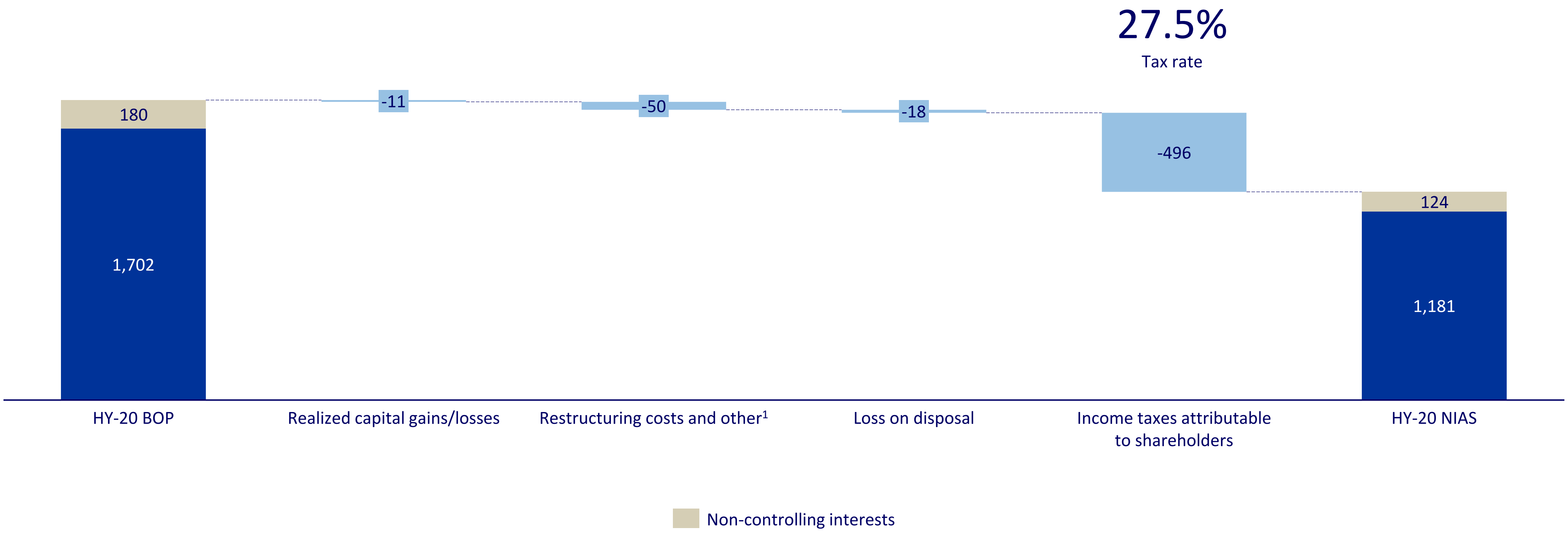
HY-20 BOP IMPACTS TO BE CONSIDERED

- COVID-19 impact
- Catastrophes (incl. U.S. civil unrest) in excess of longer-term average
- Other macroeconomic effects not included in the COVID-19 impact
- Currency exchange rate movements

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

Limited items outside of BOP; Higher tax rate due to profit mix

BOP TO NIAS WALK (USDm)



[1] Restructuring costs include restructuring provisions and other restructuring charges.

2020 updated outlook

Property & Casualty	• Pricing expected to harden further over 2020 and to remain in excess of loss cost inflation • Full year net earned premium expected to be around the same level as 2019 • Second half investment income expected to decline at a slightly higher rate than HY-20 • Net non-technical loss in the second half of the year expected to be slightly lower than HY-20
Life	• Subject to market developments, second half Life BOP expected to be around USD 700m
Farmers	• Farmers Exchanges[1] GWP expected to show a similar development for the full year as for HY-20 • Managed gross earned premium margin expected to be around 6.7% for FY-20 before returning to more normal levels in 2021
Other	• Group Functions and Operations loss expected to be around USD 750 – 800m for the full year • Restructuring and other costs including IFRS 17 costs to be around USD 250m for the full year • Effective tax rate expected to be around 27 – 28% for the full year

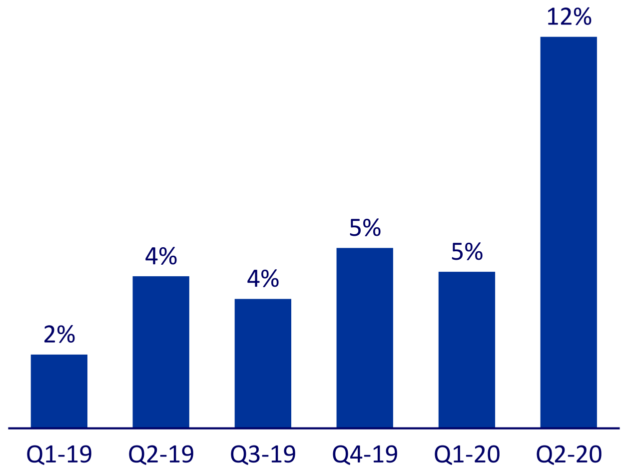
[1] For all references to Farmers Exchanges see the disclaimer and cautionary statement.

Good GWP growth and acceleration of commercial rate increases; APAC and LatAm reductions driven by travel and extended warranty

HY-20 TOPLINE DEVELOPMENT

	GWP (USDm)	GWP like-for-like growth (%)[1]	Rate change (%)[2]	Rate change outlook
EMEA	8,780	7%	4%	Accelerating
North America	8,546	4%	16%	Stable
Asia Pacific	1,374	-13%	4%	Stable
Latin America	1,053	-8%	3%	Stable
Total[3]	18,937	4%	8%	Stable

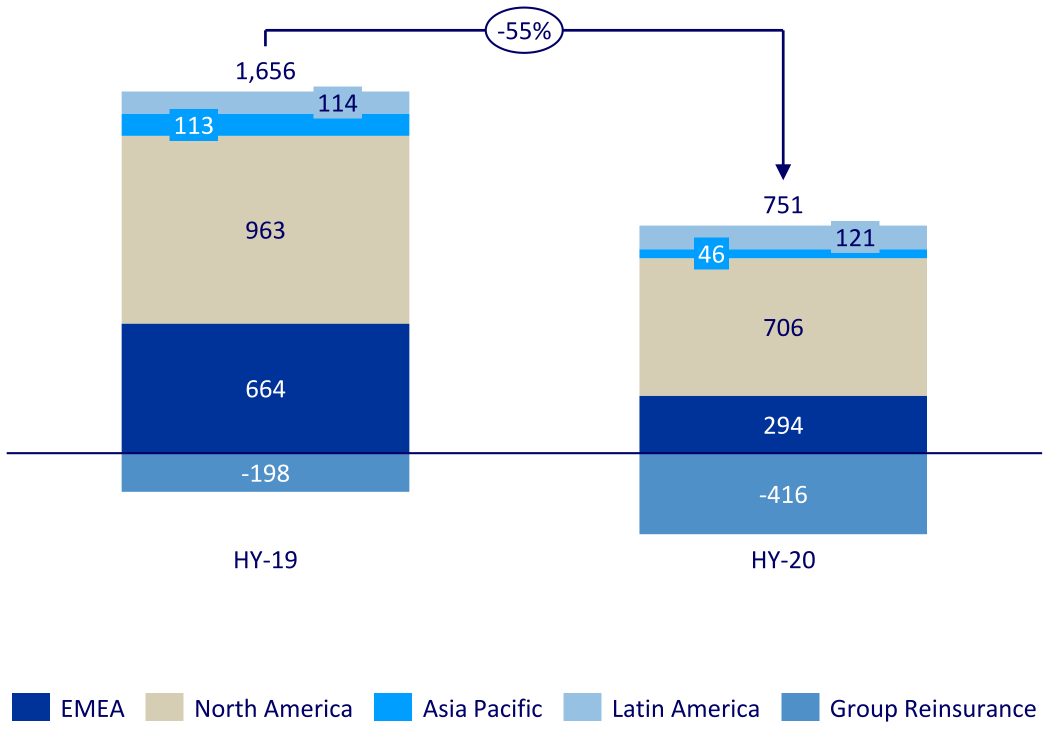
TOTAL RATE CHANGE (%)[2]



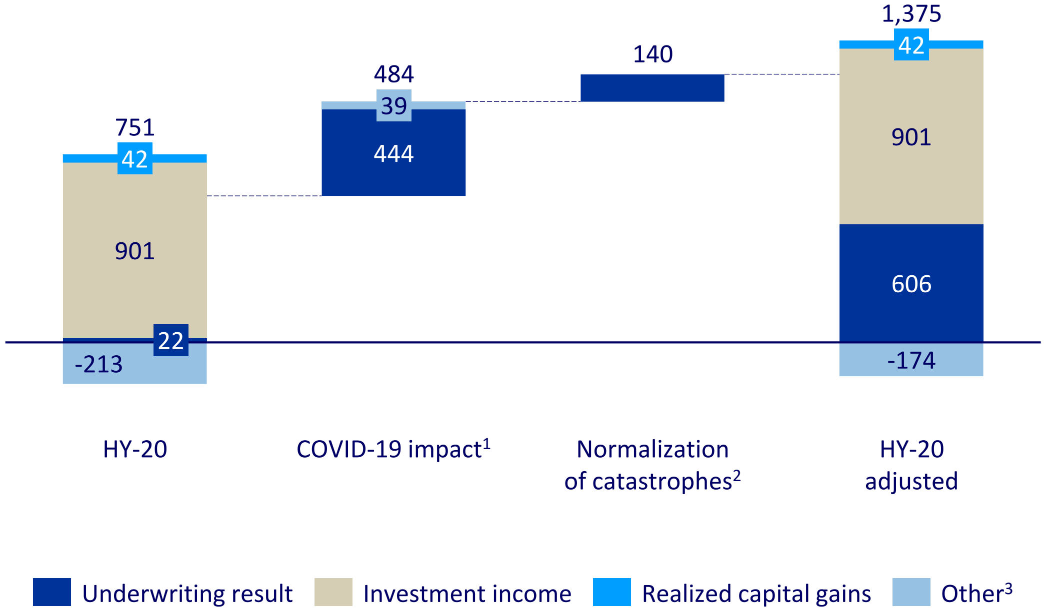
1 In local currency and after adjusting for closed acquisitions and disposals.
2 GWP development due to premium rate change as a percentage of the renewed portfolio (excl. the crop business) against the comparable prior year period.
3 Total includes Group Reinsurance and Eliminations.

COVID-19, higher catastrophes and lower investment result explain HY-20 development

BOP (USDm)



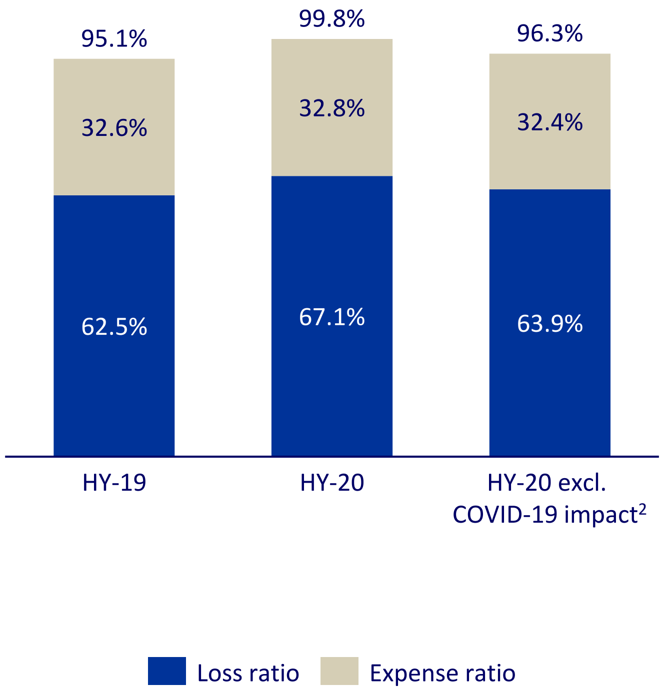
BREAK DOWN BY COMPONENT (USDm)



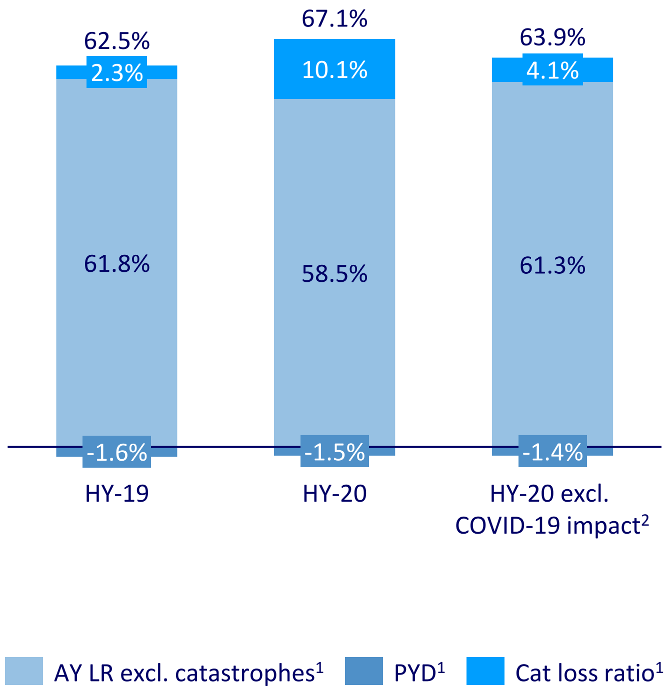
1 COVID-19 claims, frequency benefits, Cover-More operating loss, premium refunds and other voluntary actions such as contributions to solidarity funds.
2 Normalization of catastrophes based on average of past experience around 3% (of net earned premiums).
3 Includes non-technical result and non-controlling interest.

0.7ppt improvement in accident year combined ratio excluding catastrophes and COVID-19

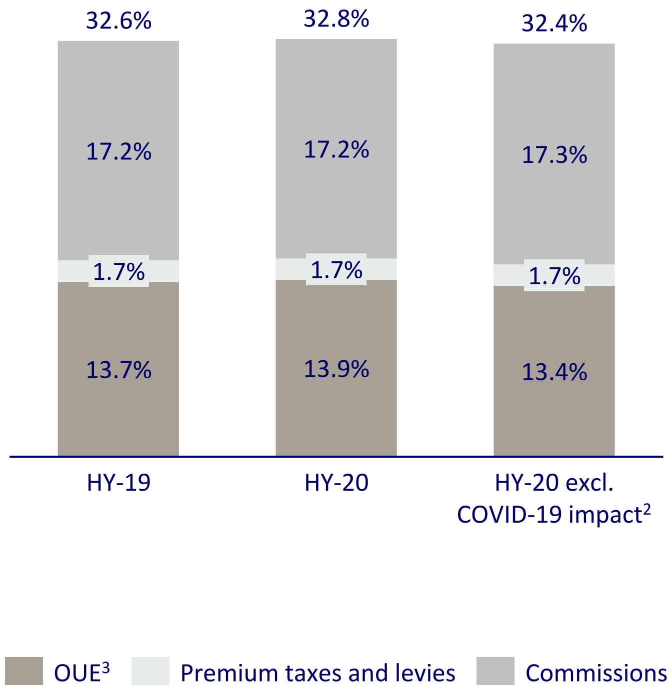
COMBINED RATIO (%)



LOSS RATIO (%)



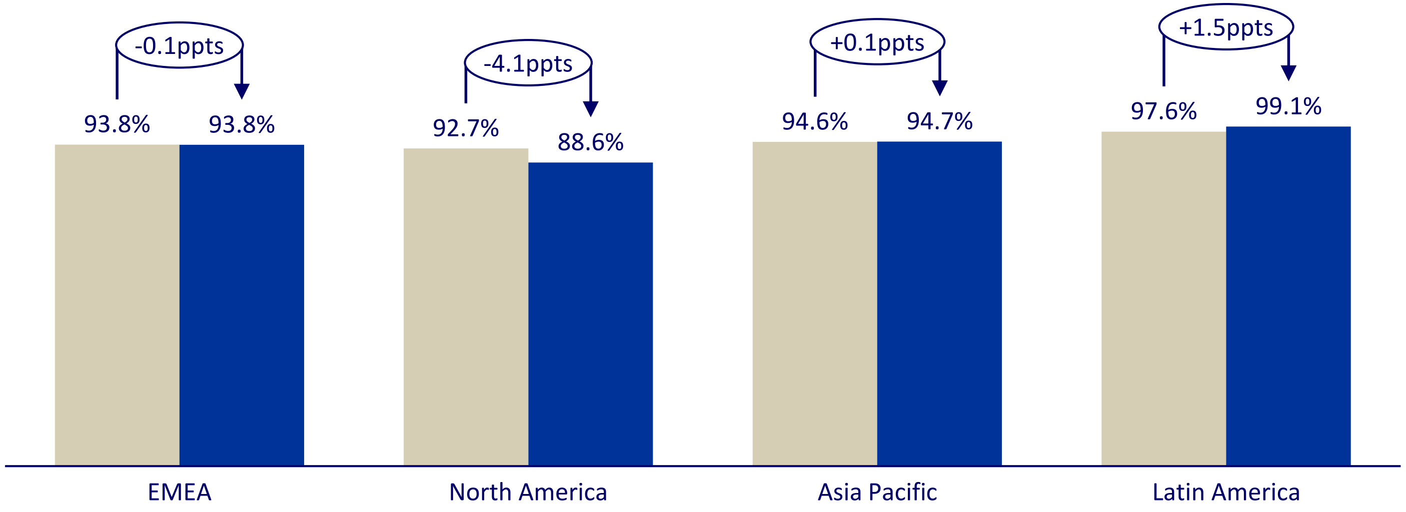
EXPENSE RATIO (%)



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

Strong improvement in underlying combined ratio in North America and in Commercial Insurance

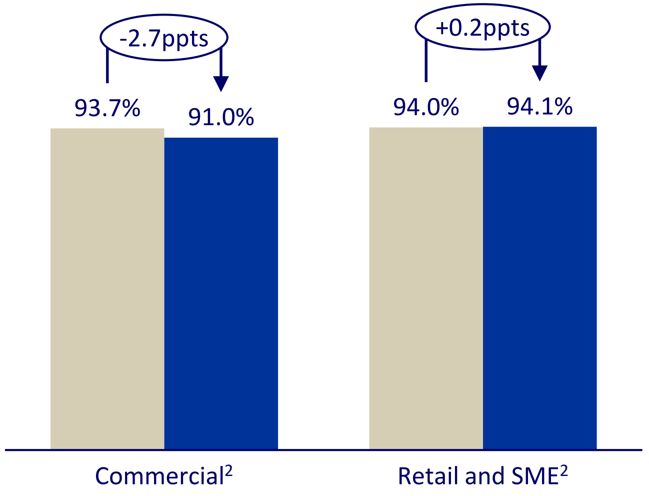
AY COMBINED RATIO (CR) EXCLUDING CATASTROPHES BY SEGMENT (%)[1]



% of Group HY-20 NEP[1]	46%	37%	10%	7%

HY-19 | HY-20 (excl. COVID-19 impact)[3]

AY CR EXCL. CATASTROPHES BY CUSTOMER UNIT (%)[1]



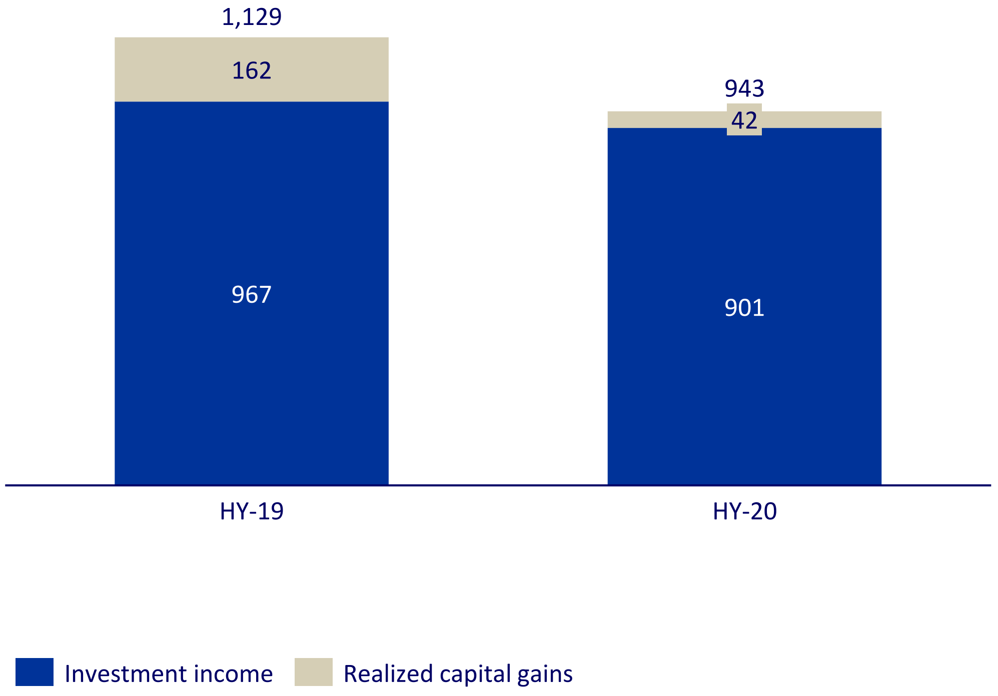
Commercial	Retail and SME
55%	45%

HY-19 | HY-20 (excl. COVID-19 impact)[3]

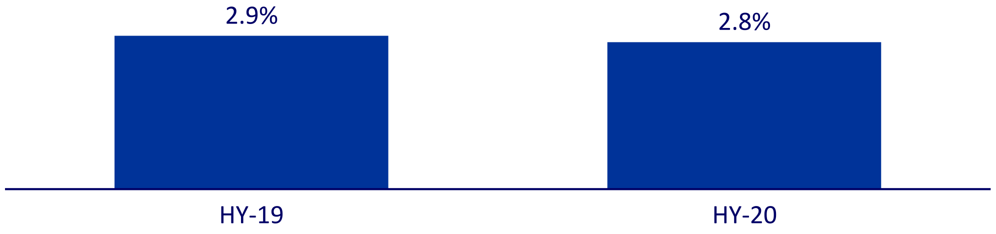
1 Excluding Group Reinsurance and Eliminations.
2 Starting from HY-20 the U.S. Alternative Markets business is reported within Commercial. HY-19 has been restated accordingly (see appendix). Retail & SME HY-19 includes USD 55m of eliminations.
3 Frequency benefits, Cover-More operating loss included in underwriting result, and premium refunds.

Investment result driven by lower yields and reduced hedge fund gains

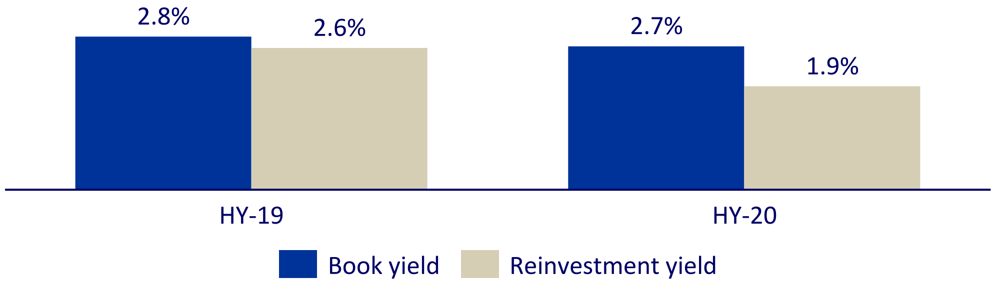
INVESTMENT RESULT IN BOP (USDm)



INVESTMENT INCOME YIELD OF GROUP INVESTMENTS (%)[1]



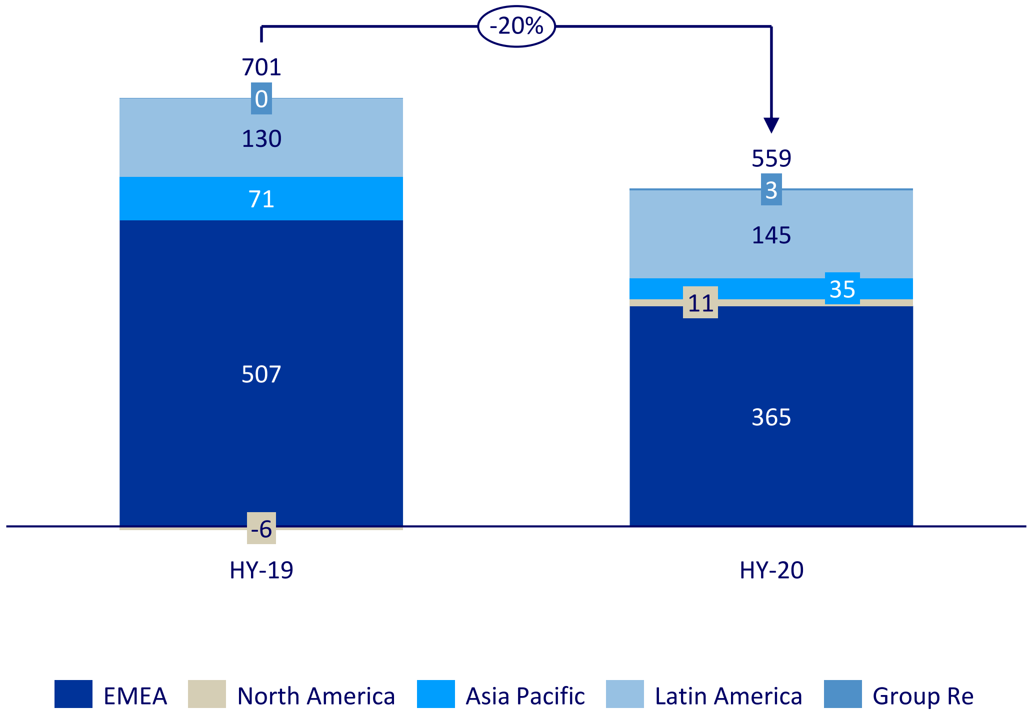
BOOK & REINVESTMENT YIELD OF DEBT SECURITIES (%)[2]



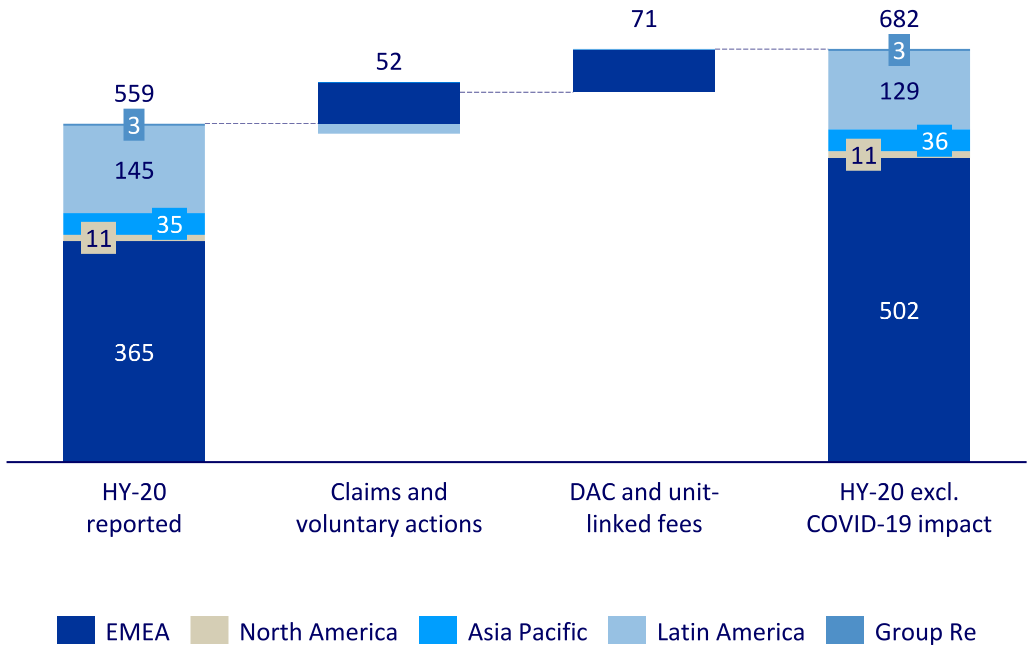
1 Net of investment expenses. Investment income yield calculated based on average Group Investments (accounting view) during the period on an annual basis.
2 Book yield calculated as weighted-average portfolio yield of debt securities during the period on an annual basis. Reinvestment yield calculated as a weighted-average trade yield of purchased debt securities with maturity >90 days during the period on an annual basis.

Underlying Life BOP broadly stable, with second half BOP expected to be ahead of the underlying run-rate

BOP (USDm)



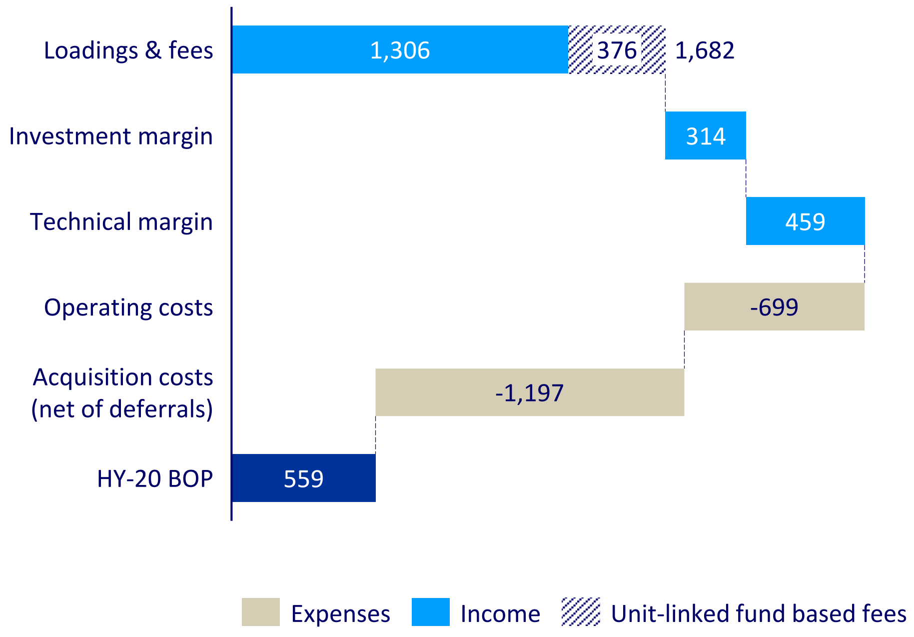
BOP EXCLUDING COVID-19 IMPACT (USDm)



Underlying Life BOP broadly stable, with higher loadings & fees and investment margin

ZURICH

BUSINESS OPERATING PROFIT BY SOURCE OF EARNINGS (USDm)



HY-20 vs. HY-19 (%)[1]

Actual	Excl. COVID-19
2%	3%
9%	9%
-9%	2%
-5%	-5%
-11%	-7%
-20%	-3%

KEY DRIVERS

87%	Income from loadings & fees and technical margins
+1%	Average unit-linked assets under management
-0.1ppts	Technical margin ratio (excl. COVID-19 impact)
+4%	Average non unit-linked reserves

1 Negative numbers represent an adverse variance.

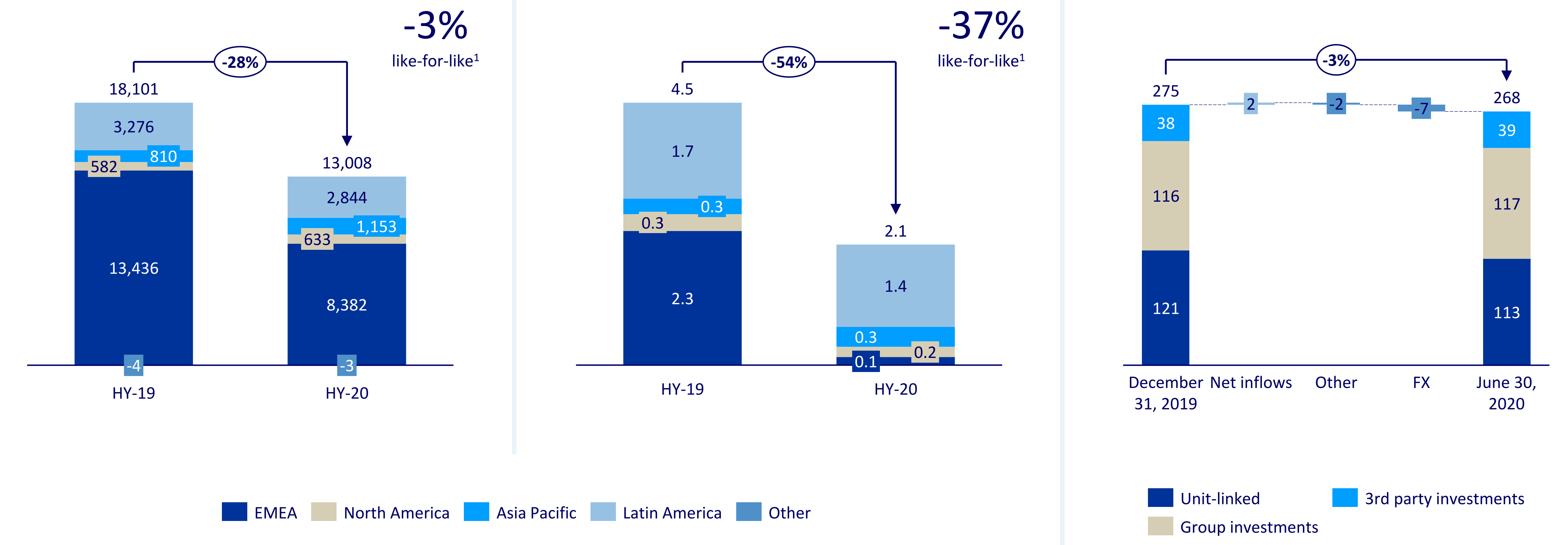
Gross written premium and deposits impacted by reductions in EMEA

ZURICH

GWP AND DEPOSITS (USDm)

NET INFLOWS BY SEGMENT (USDbn)

ASSETS UNDER MANAGEMENT (USDbn)

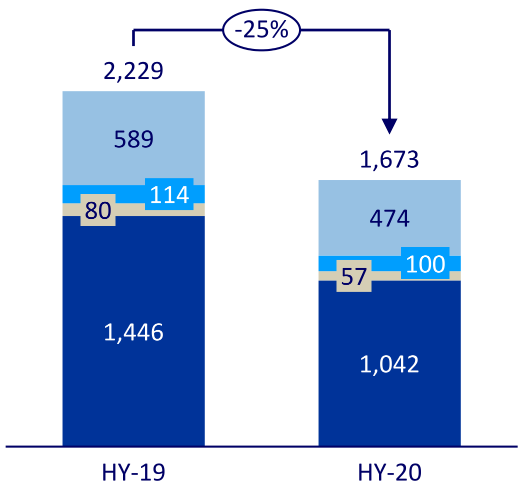


1 In local currency and after adjusting for closed acquisitions and disposals.

Protection and capital efficient savings products account for ~89% of APE and ~100% of NBV

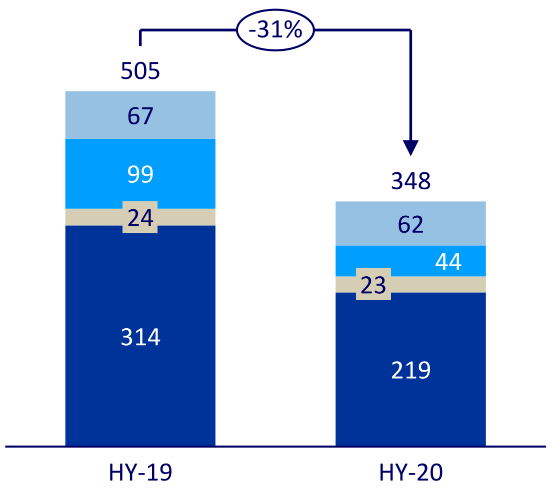
APE (USDm)[1]

-15%
like-for-like[2]

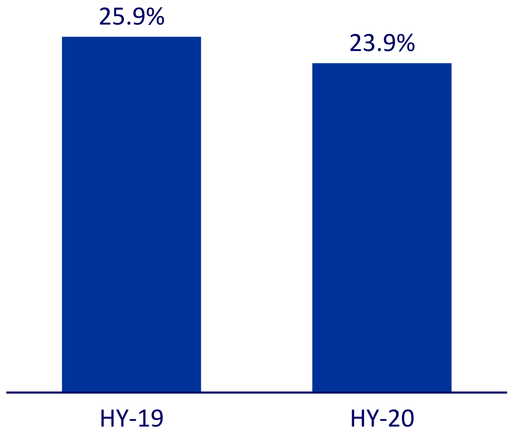


NBV (USDm)[1]

-25%
like-for-like[2]

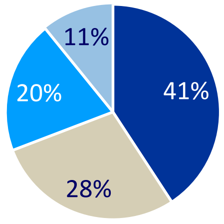


NBM (%)[1]

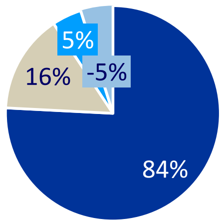


NEW BUSINESS MIX (%)

HY-20 APE[1]



HY-20 NBV[1]

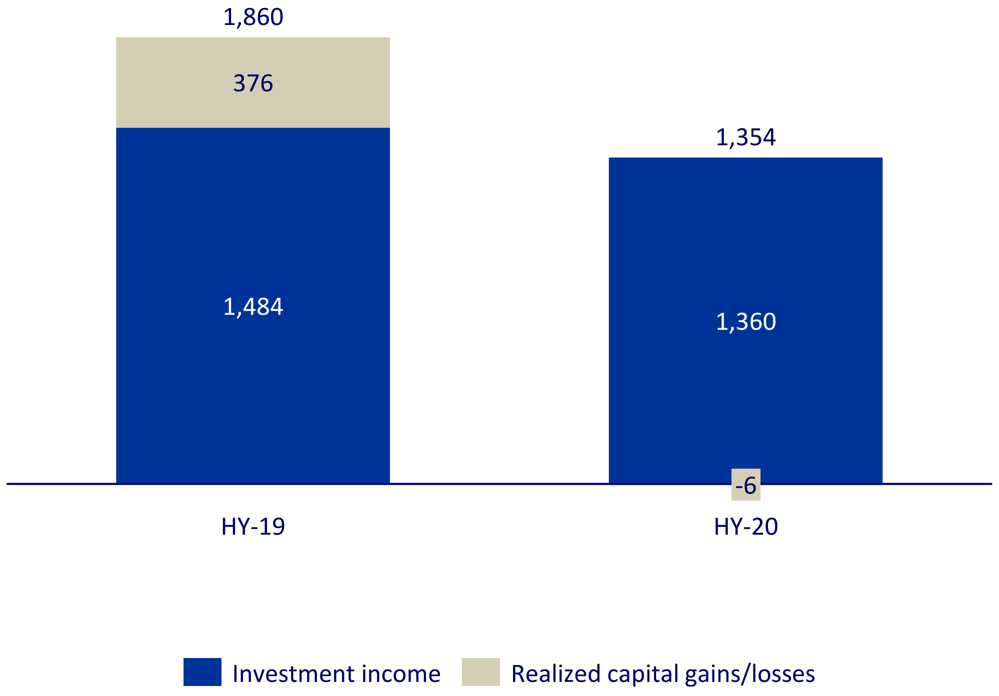


Protection
Corporate savings
Unit-linked
Savings & annuity

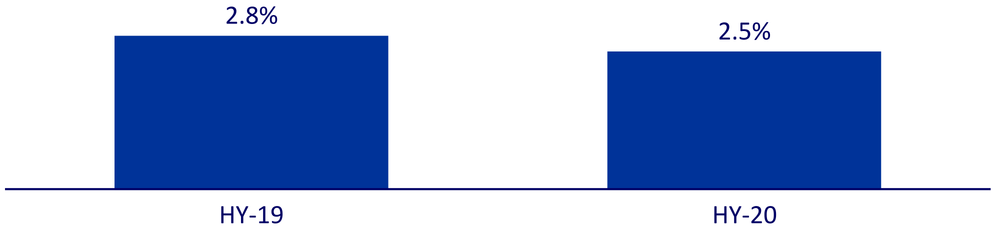
[1] Annual premium equivalent (APE) is reported before non-controlling interests. New business margin (NBM) and value (NBV) are reported net of non-controlling interests.
[2] In local currency and after adjusting for closed acquisitions and disposals.

Investment result driven by lower realized capital gains; ongoing pressure on portfolio yield

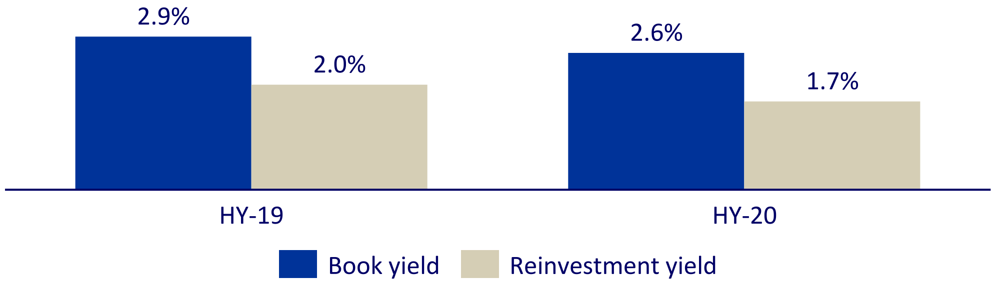
INVESTMENT RESULT IN BOP, GROSS OF PH (USDm)[1]



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



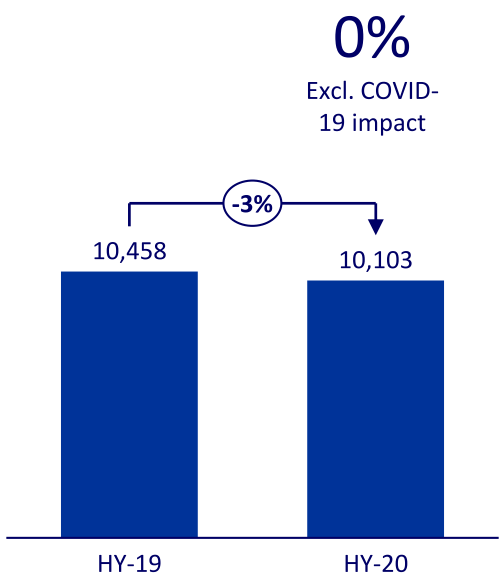
BOOK & REINVESTMENT YIELD OF DEBT SECURITIES (%)[3]



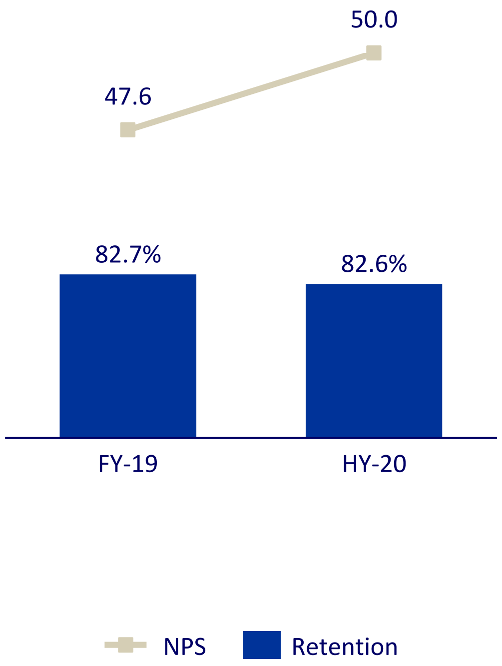
1 Gross of policyholder participation (PH).
2 Net of investment expenses. Investment income yield calculated based on average Group Investments (accounting view) during the period on an annual basis.
3 Book yield calculated as weighted-average portfolio yield of debt securities during the period on an annual basis. Reinvestment yield calculated as a weighted-average trade yield of purchased debt securities with maturity >90 days during the period on an annual basis.

Stable top line at Farmers Exchanges[1] before customer premium credits with further improvement in net promoter score

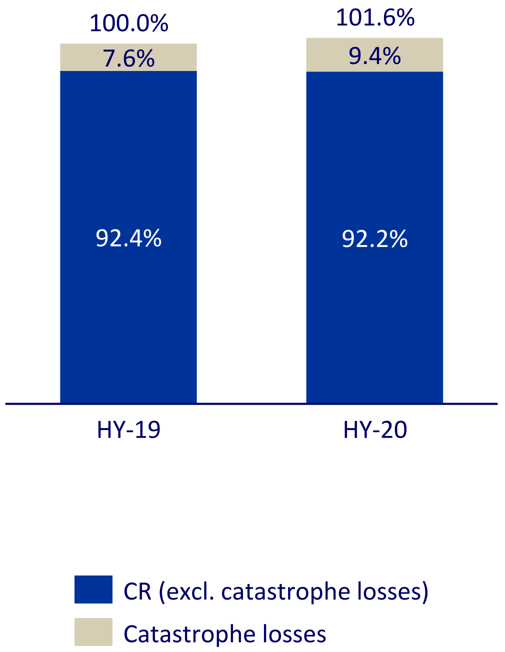
GWP (USDm)



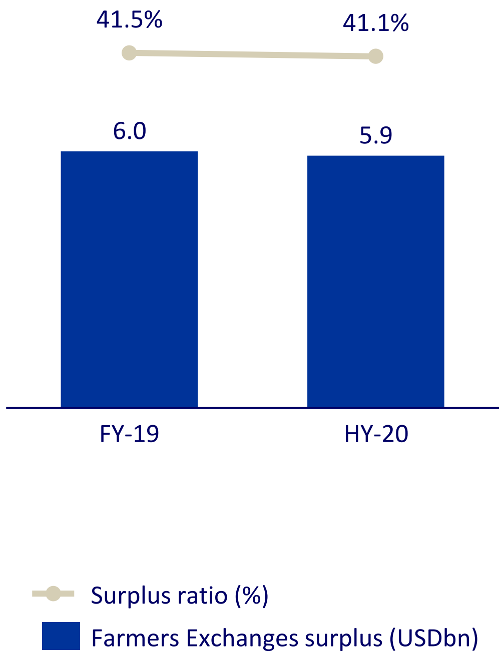
NPS AND RETENTION (%)



COMBINED RATIO (%)[2]



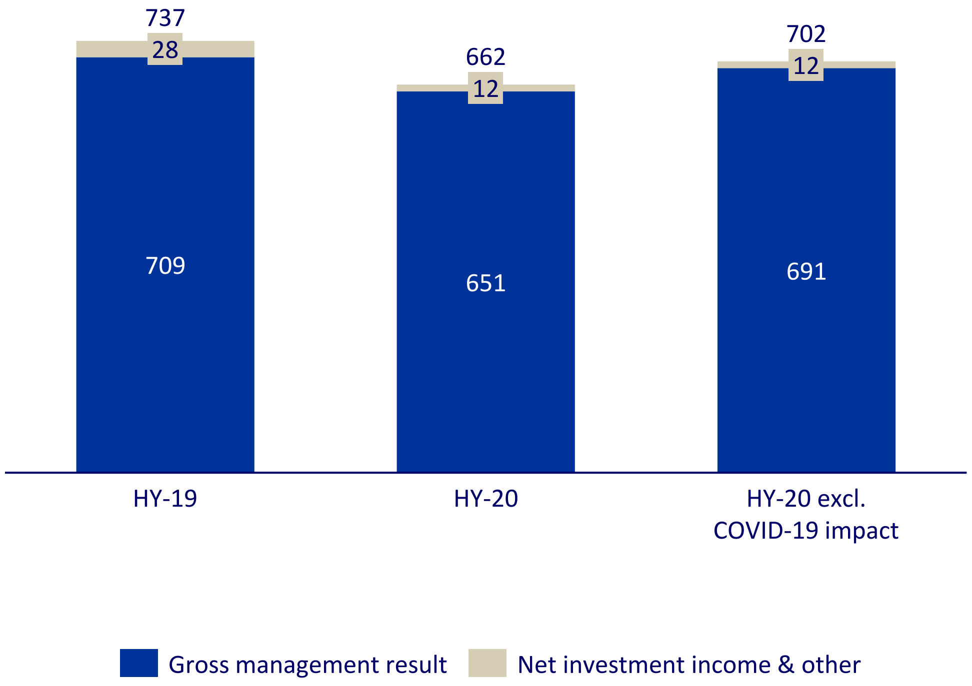
SURPLUS



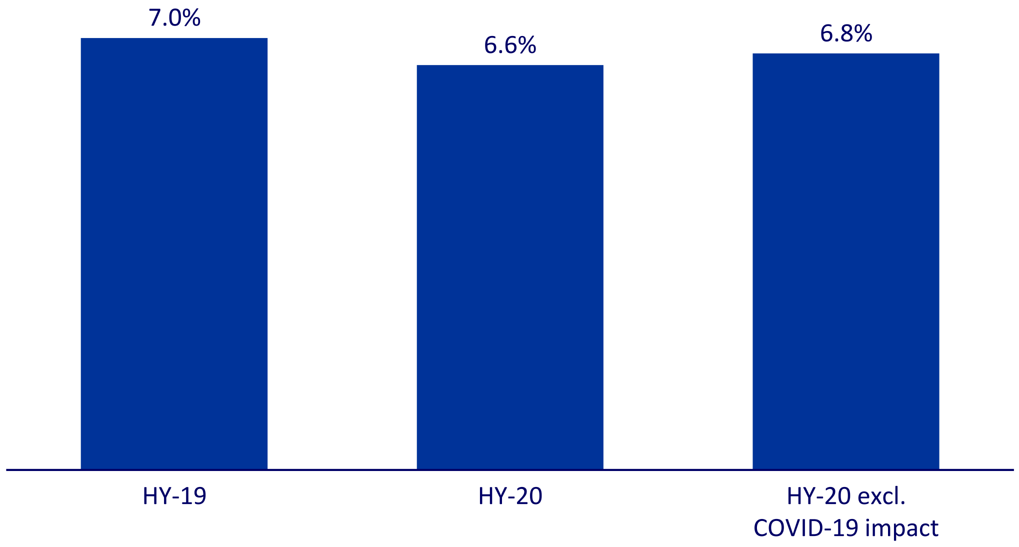
1 For all references to Farmers Exchanges see the disclaimer and cautionary statement.
2 Combined ratio before quota share reinsurance.

Customer premium credits at Farmers Exchanges[1] drive reduction in fees with no offset to costs at Farmers Management Services

BUSINESS OPERATING PROFIT (USDm)



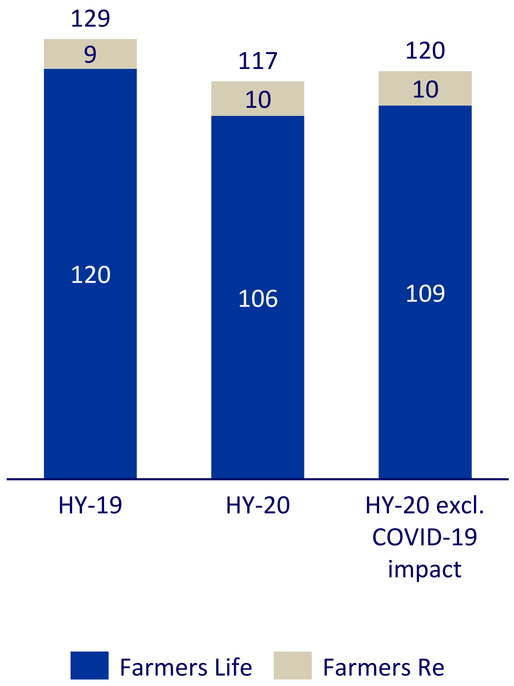
MGEP MARGIN (%)[1]



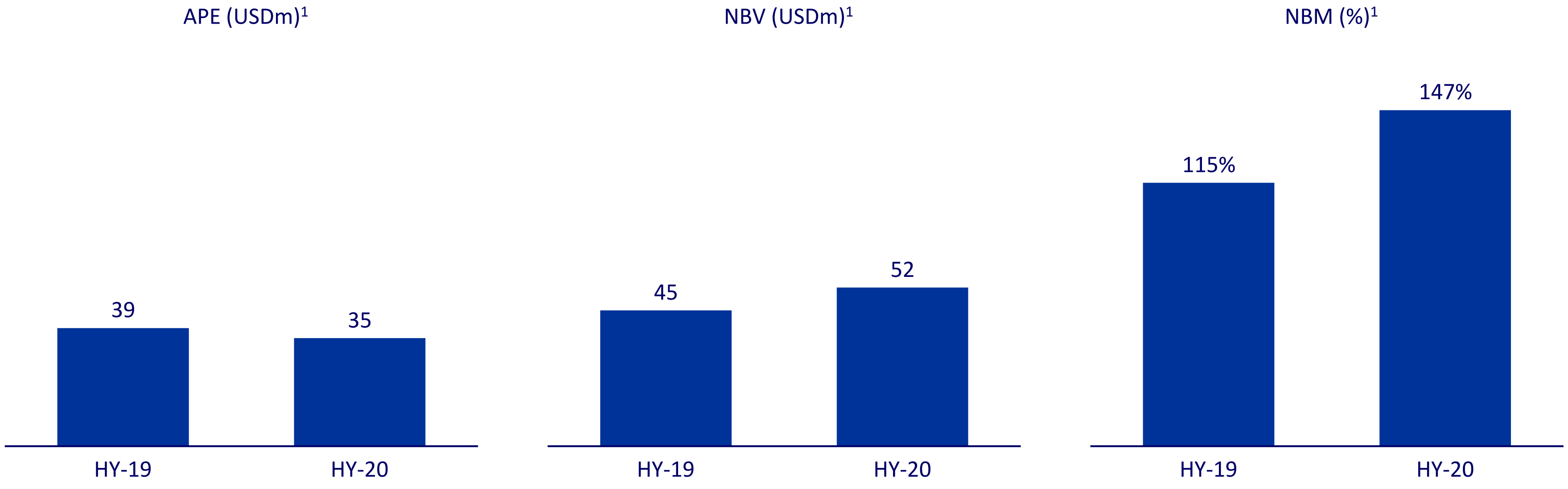
1 Margin on gross earned premiums of the Farmers Exchanges. For all references to Farmers Exchanges see the disclaimer and cautionary statement.

Farmers Life with strong growth in new business value

BOP (USDm)



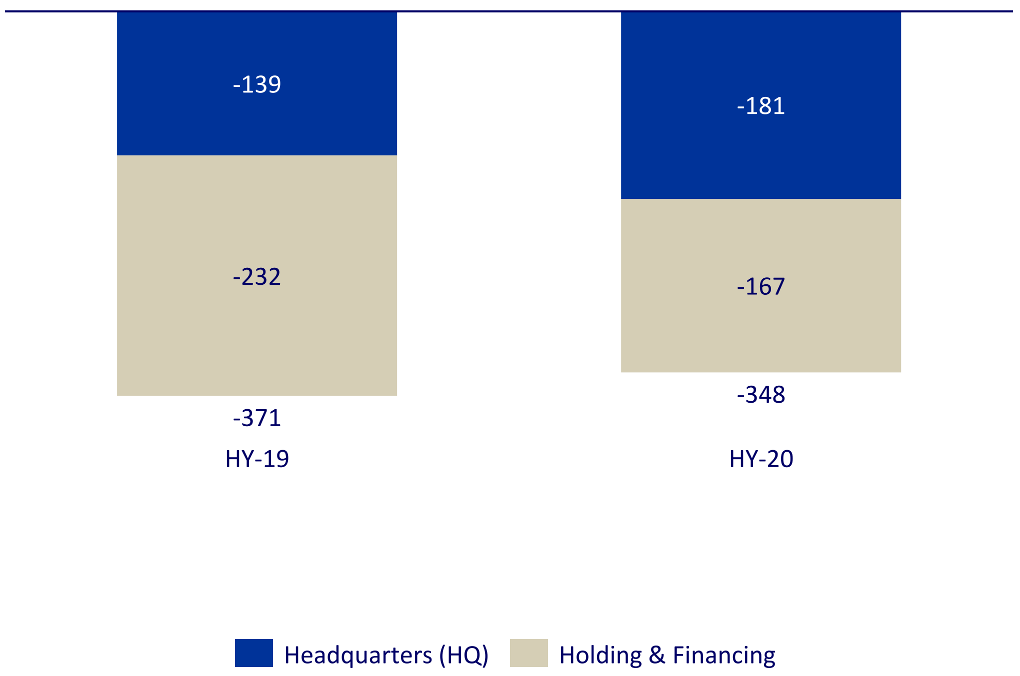
FARMERS LIFE NEW BUSINESS



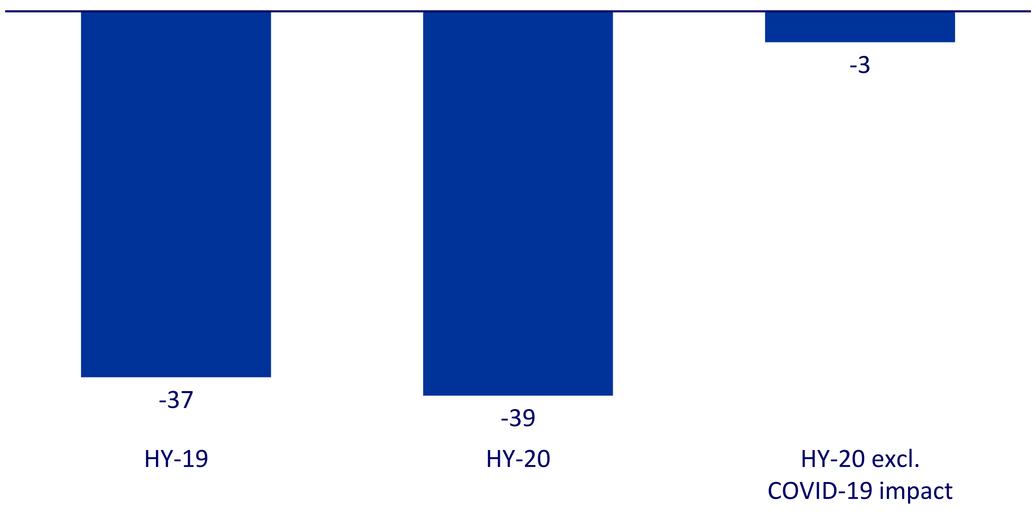
1 Annual premium equivalent (APE); new business value (NBV) and margin (NBM).

Further reduction in overall cost of Group functions and operations; Non-Core Business impacted by financial market volatility

GROUP FUNCTIONS AND OPERATIONS BOP (USDm)

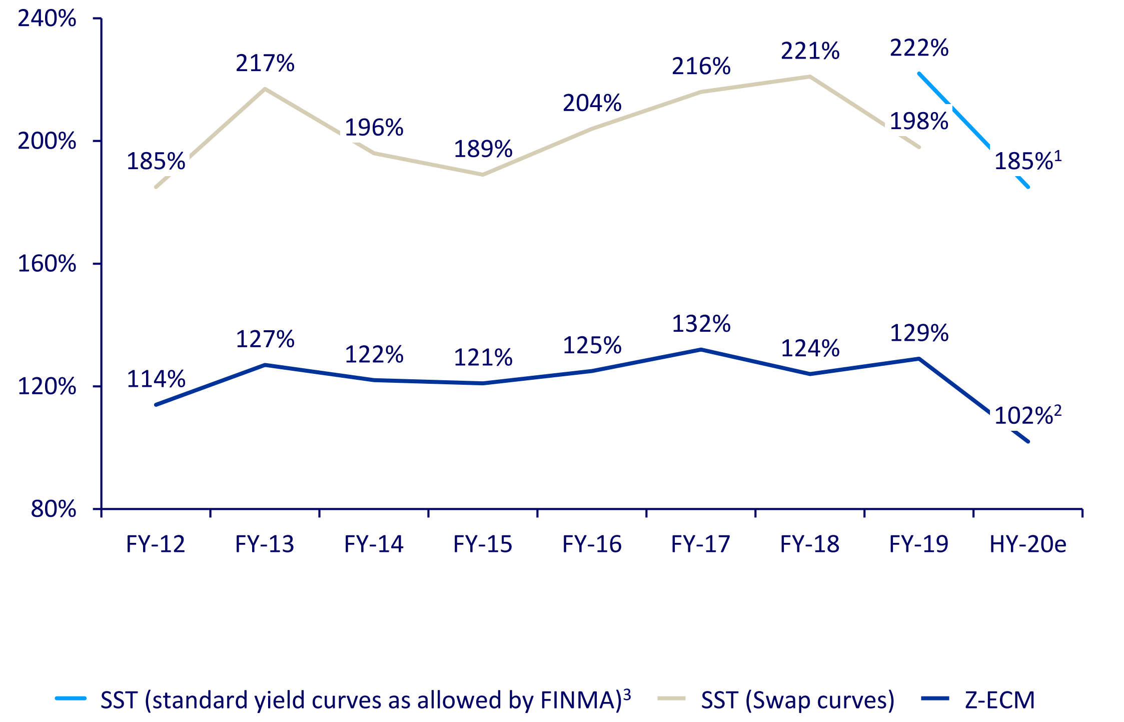


NON-CORE BUSINESSES BOP (USDm)

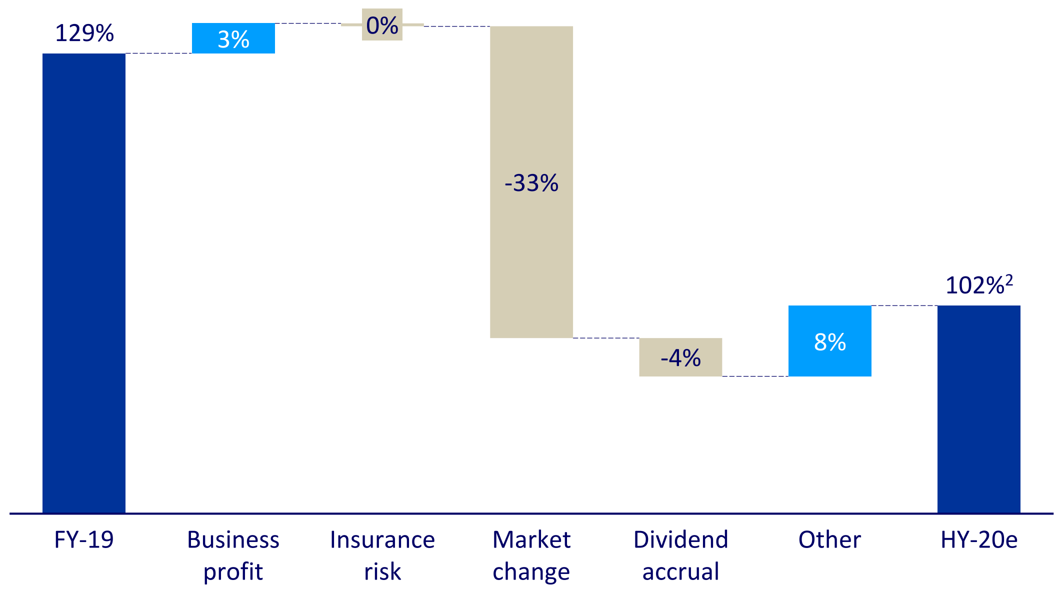


Strong capital position

GROUP SOLVENCY (%)



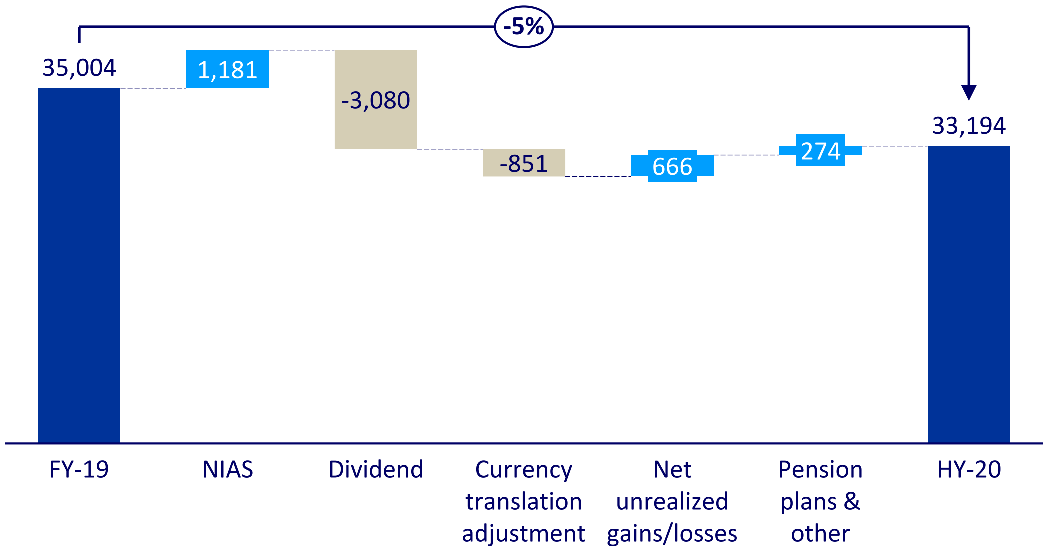
Z-ECM RATIO DEVELOPMENT (%)



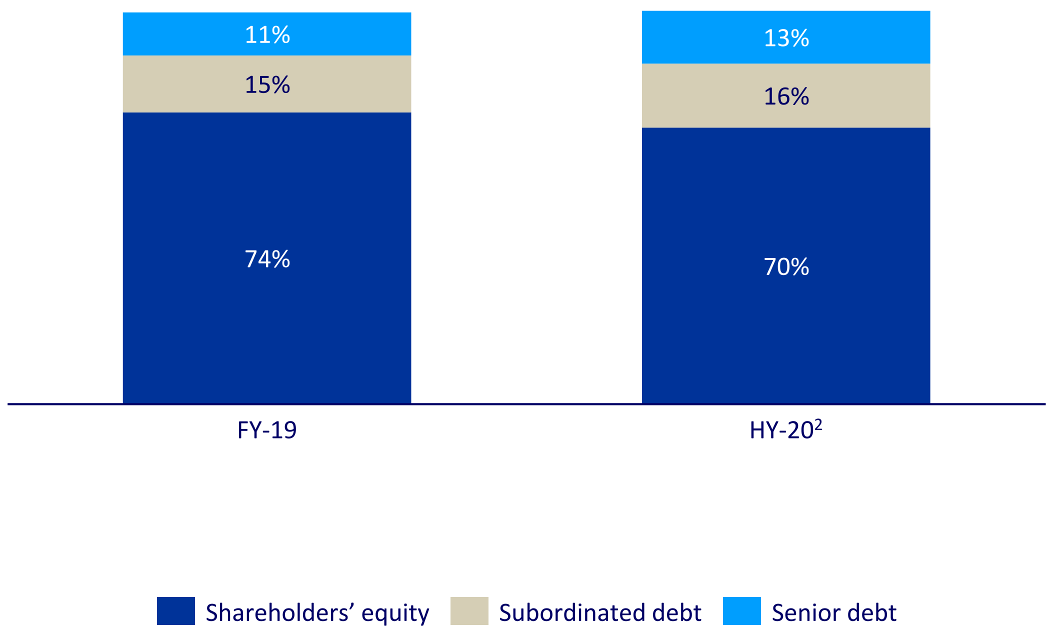
1 Estimated HY-20 SST ratio accounts for EUR 750m subordinated debt issued on June 9, 2020 and approved as eligible risk-bearing capital by FINMA on July 22, 2020.
2 HY-20 Z-ECM reflects midpoint estimate with an error margin of +/- 5ppts.
3 Starting March 31, 2020, the Group's Swiss Solvency Test (SST) internal model generally applies standard yield curves as allowed by FINMA. The SST ratio as of January 1, 2020 stated has been calculated on the basis of this updated internal model and hence, diverges from the 2019 full year SST ratio filed with FINMA and disclosed on May 14, 2020.

Payment of dividend and FX movements drive reduction in shareholders' equity

SHAREHOLDERS' EQUITY (USDm)



CAPITAL STRUCTURE (%)[1]



1 Based on IFRS balance sheet.
2 Includes USD 0.3bn of pre-financing for senior notes, which were redeemed on July 22, 2020, and USD 0.8bn for Euro Commercial Paper Notes which are expected to be repaid by end of 2020.

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 inter-insurance 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 Farmers 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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Appendix




We are focused on continuing to reward our shareholders

ZURICH

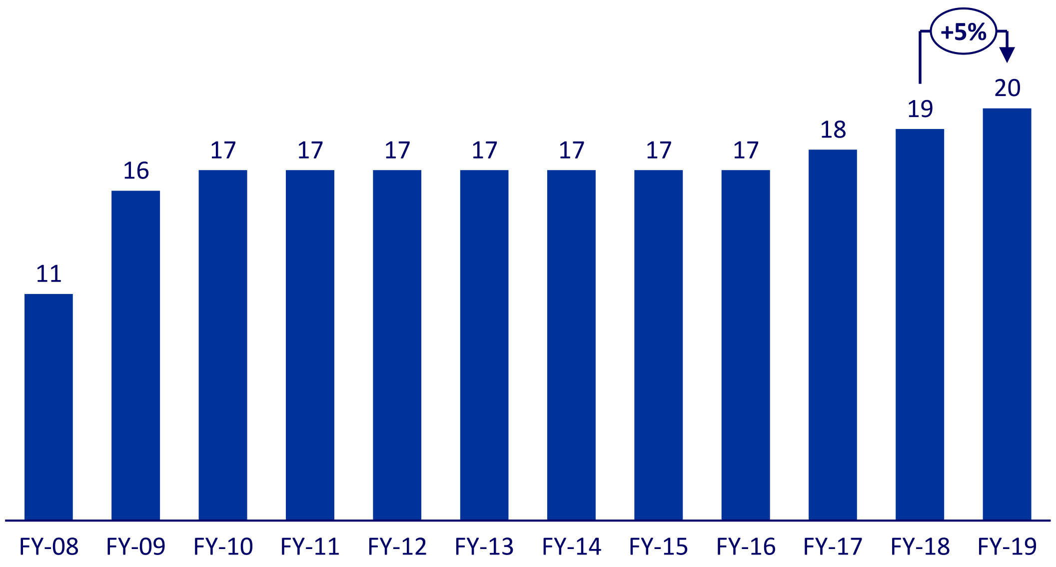
DIVIDEND POLICY[1]

NIAS[2] payout ratio of ~75%

Dividend increases based on sustainable earnings growth

Minimum target of prior year level

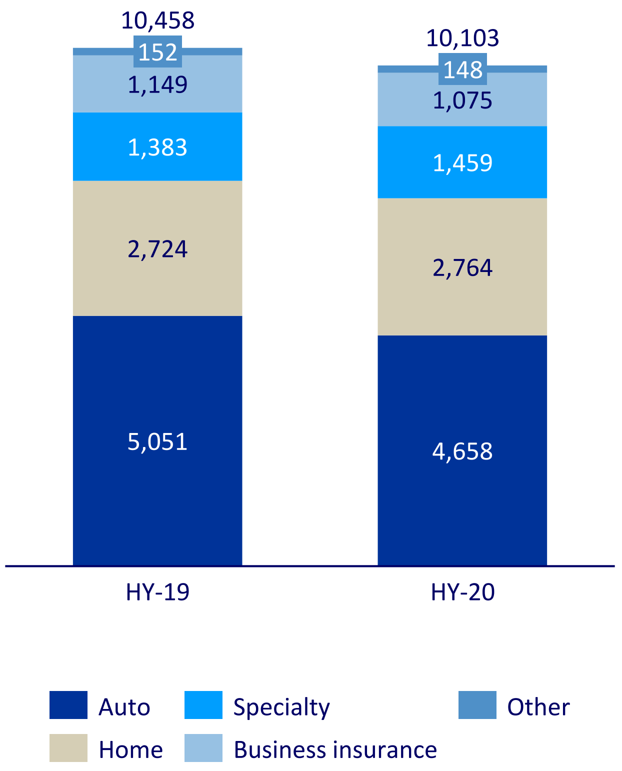
DIVIDEND PER SHARE (CHF)



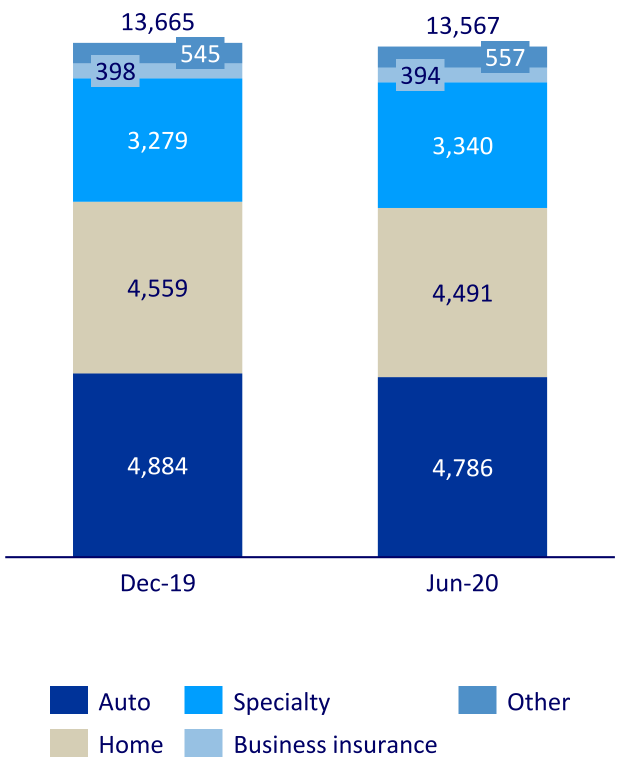
1 The dividend is subject to the approval by the shareholders at the Annual General Meeting.
2 Net income attributable to shareholders.

Top-line impacted by auto and SME premium credits

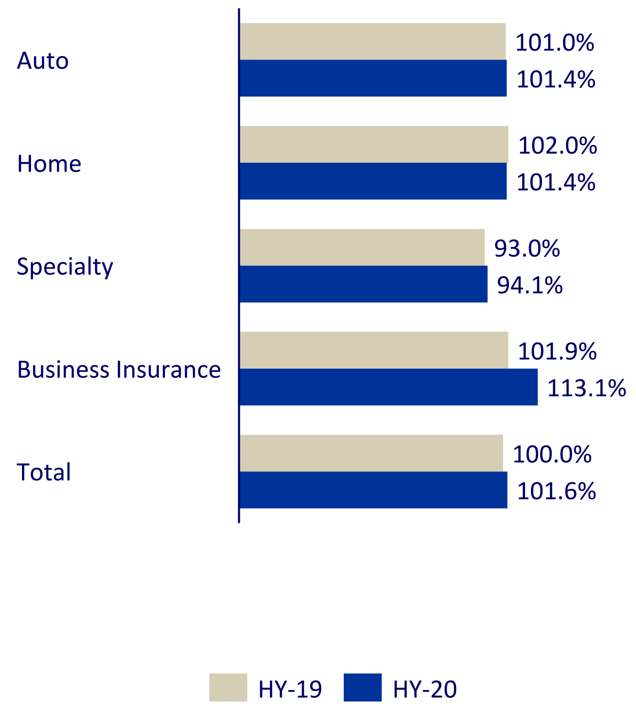
GROSS WRITTEN PREMIUM (USDm)



POLICIES-IN-FORCE (000's)



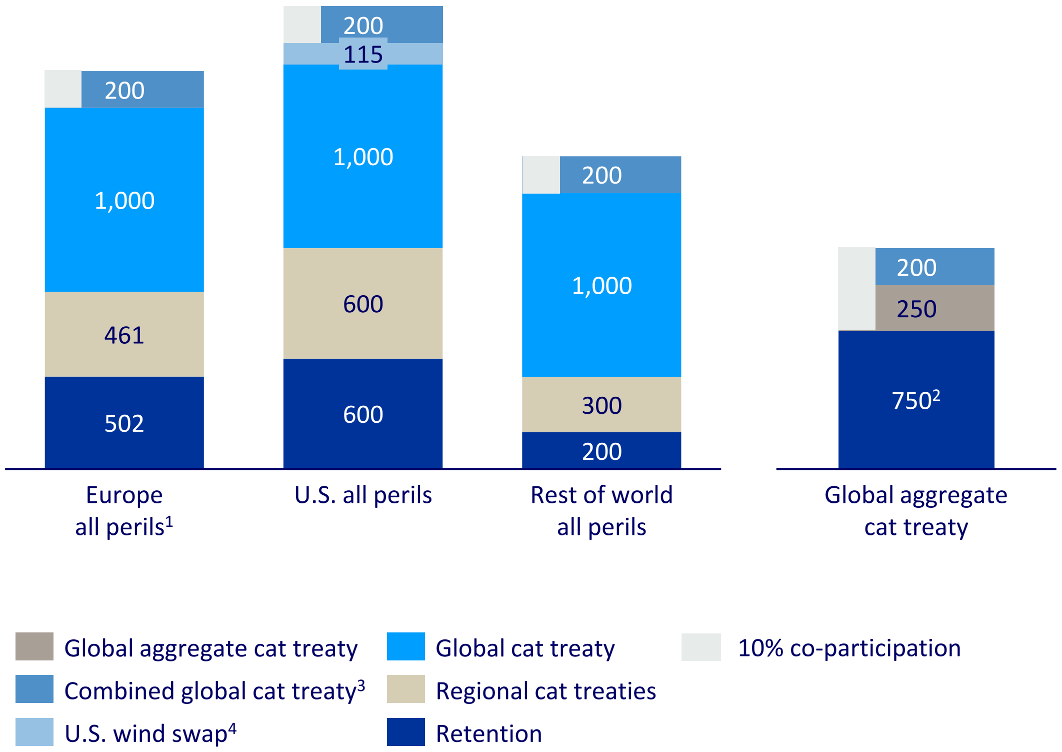
COMBINED RATIO (%)



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

Balance sheet and large loss volatility well managed through reinsurance

GROUP CATASTROPHE REINSURANCE PROTECTION (USDm)



GLOBAL SURETY EXCESS OF LOSS

- Designed to manage earnings volatility
- North America: USD 350m coverage per customer in excess of USD 50m retention
- Other regions: USD 375m coverage per customer in excess of USD 25m retention
- Aggregate limit: USD 1,100m

MAIN ADDITIONAL TREATIES

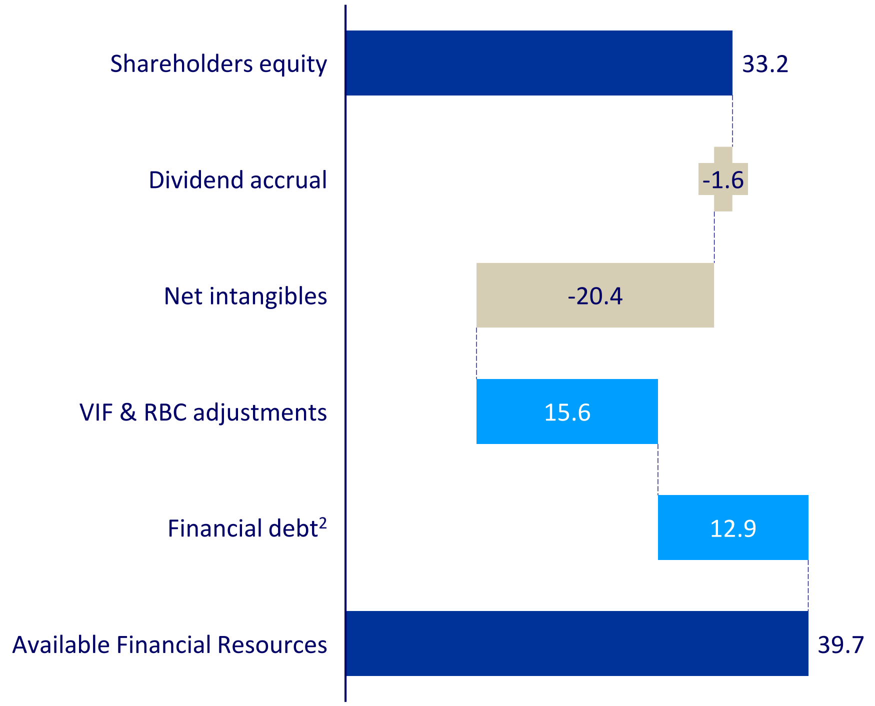
- Global property per risk aggregate
- U.S. property quota share
- U.S. liability quota share

1 Europe cat treaty calculated with EUR/USD exchange rate as of July 31, 2020.
2 Franchise deductible of USD 25m, i.e. losses greater than USD 25m count towards erosion of the retention (annual aggregate deductible).
3 This USD 200m cover can be used only once, either for aggregated losses or for an individual occurrence or event.
4 Only relevant for U.S. windstorm.

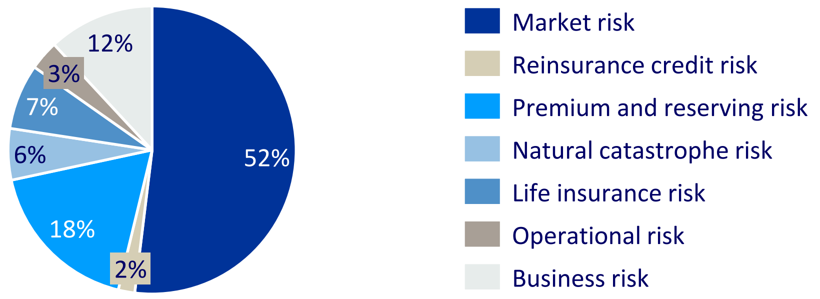
Well diversified capital base by risk type

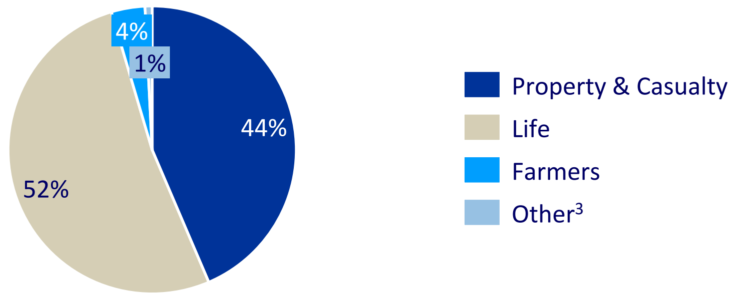
ZURICH

AVAILABLE FINANCIAL RESOURCES (USDbn)[1]



RISK-BASED CAPITAL SPLIT (%)[1]

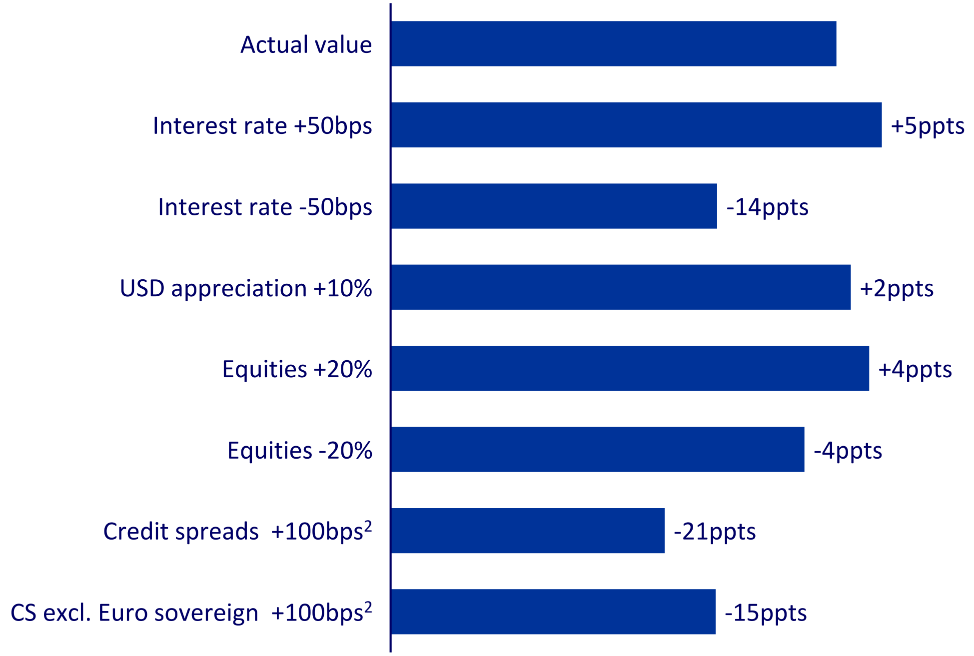




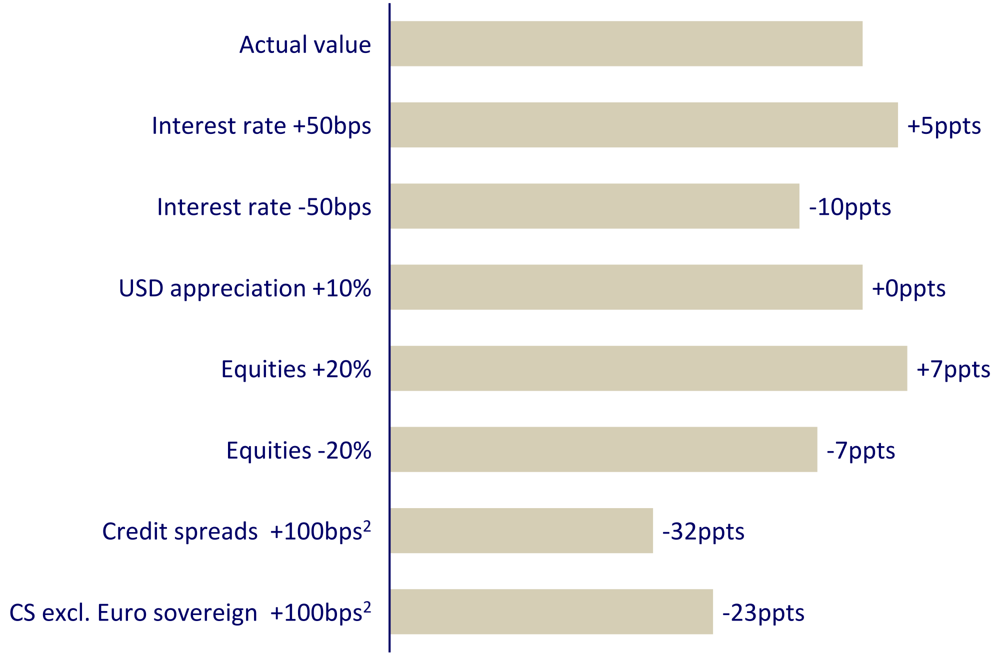
1 Available Financial Resources (AFR) as of HY-20 (estimated); Risk Based Capital (RBC) as of Q1-20.
2 Includes subordinated debt of USD 7.7bn and senior financial debt not maturing of USD 5.2bn.
3 Includes Group Functions & Operations and Non-Core Businesses.

Solvency ratios resilient to market movements

FY-19 Z-ECM SENSITIVITY IMPACT (ppts)[1]



FY-19 SST SENSITIVITY IMPACT (ppts)[1]

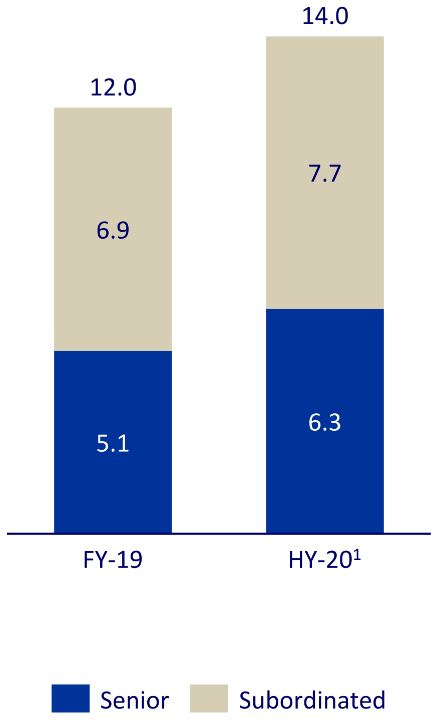


1 Sensitivities are best estimate and linear, i.e. will vary depending on prevailing market conditions at the time. The impact of the changes to the required capital is approximated and takes into account market and insurance risks.

2 Credit Spreads (CS) include mortgages and including/excluding Euro sovereign spreads. Z-ECM sensitivity is net of profit sharing with policyholders.

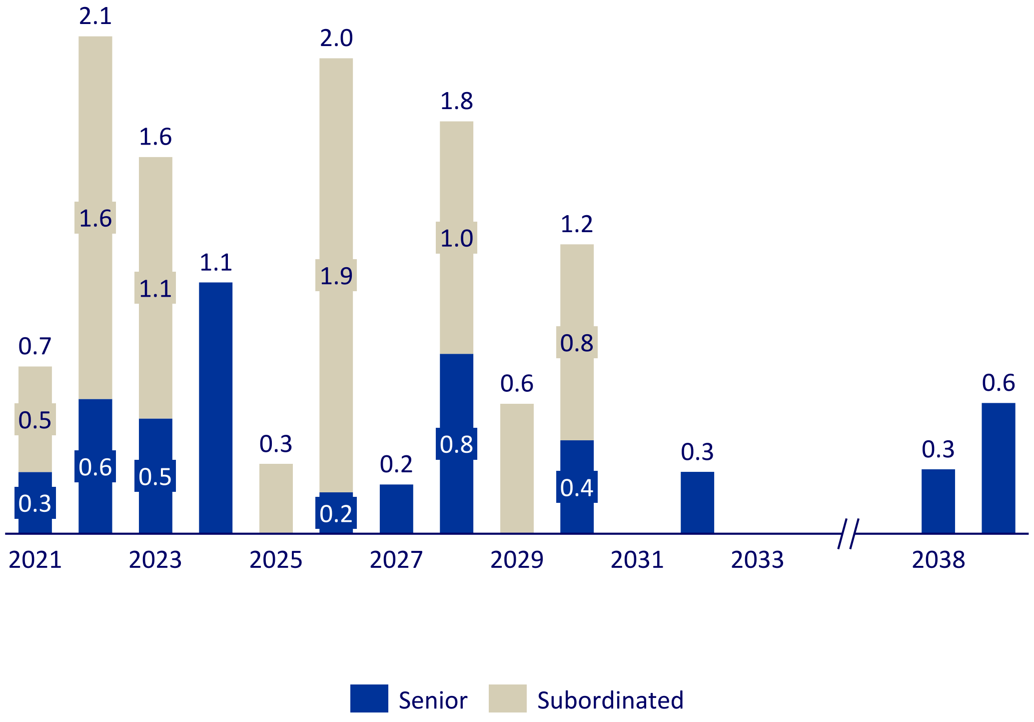
Low average debt cost and balanced maturity profile

DEBT (USDbn) AND AVERAGE DEBT COST (%)



Average debt cost (%)	FY-19	FY-20e
Subordinated	4.6%	4.3%
Senior	1.4%	1.5%
Total	3.3%	3.1%

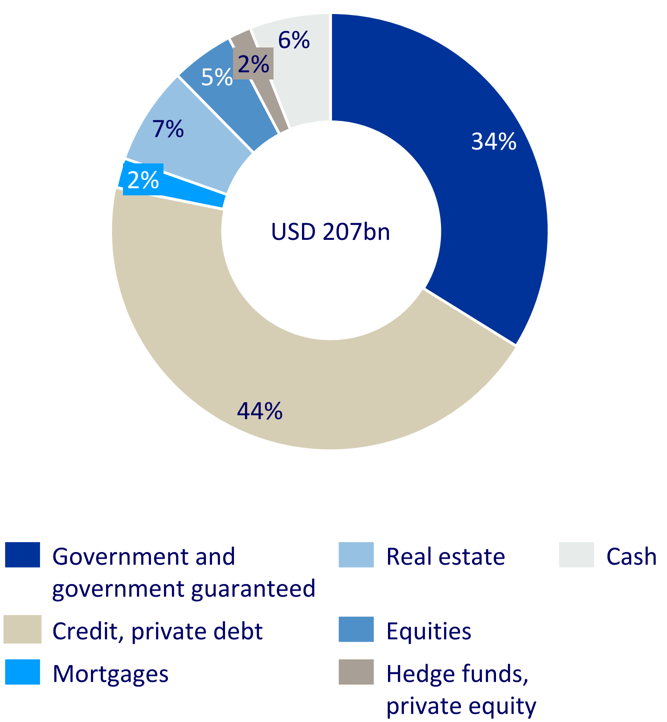
BALANCED REFINANCING NEEDS (USDbn)[2]



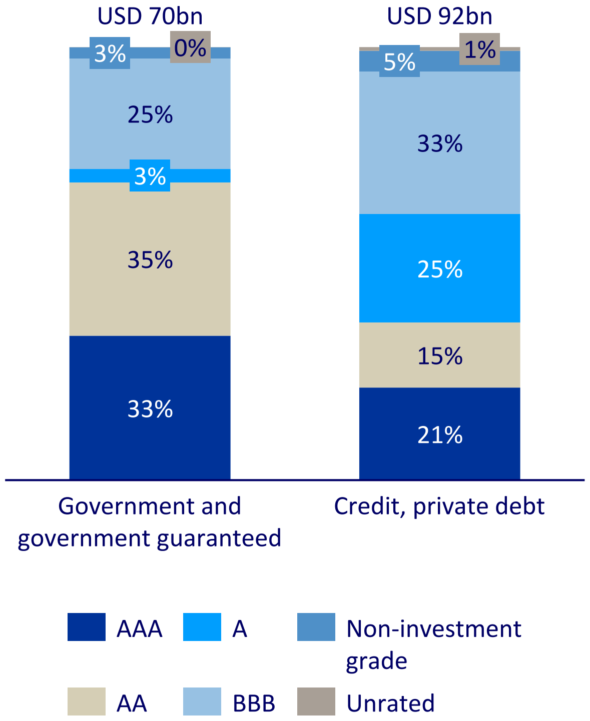
[1] Includes USD 0.3bn of pre-financing for senior notes, which were redeemed on July 22, 2020, and USD 0.8bn for Euro Commercial Paper Notes which are expected to be repaid by end of 2020.
[2] Maturity profile based on first call date for subordinated debt and maturity date for senior debt.

Conservative investment portfolio with low exposure to industries most stressed by the crisis

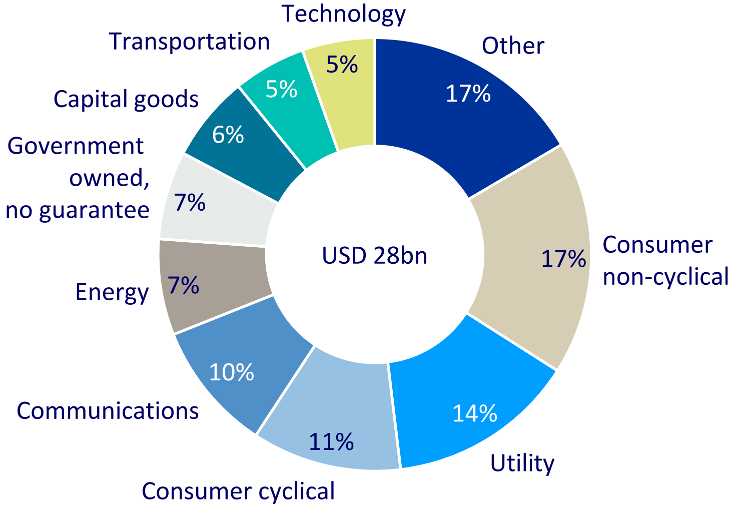
HY-20 GROUP INVESTMENTS (%)[1]



HY-20 ASSET QUALITY (%)



HY-20 NON-FINANCIAL CREDIT BY SECTOR (%)

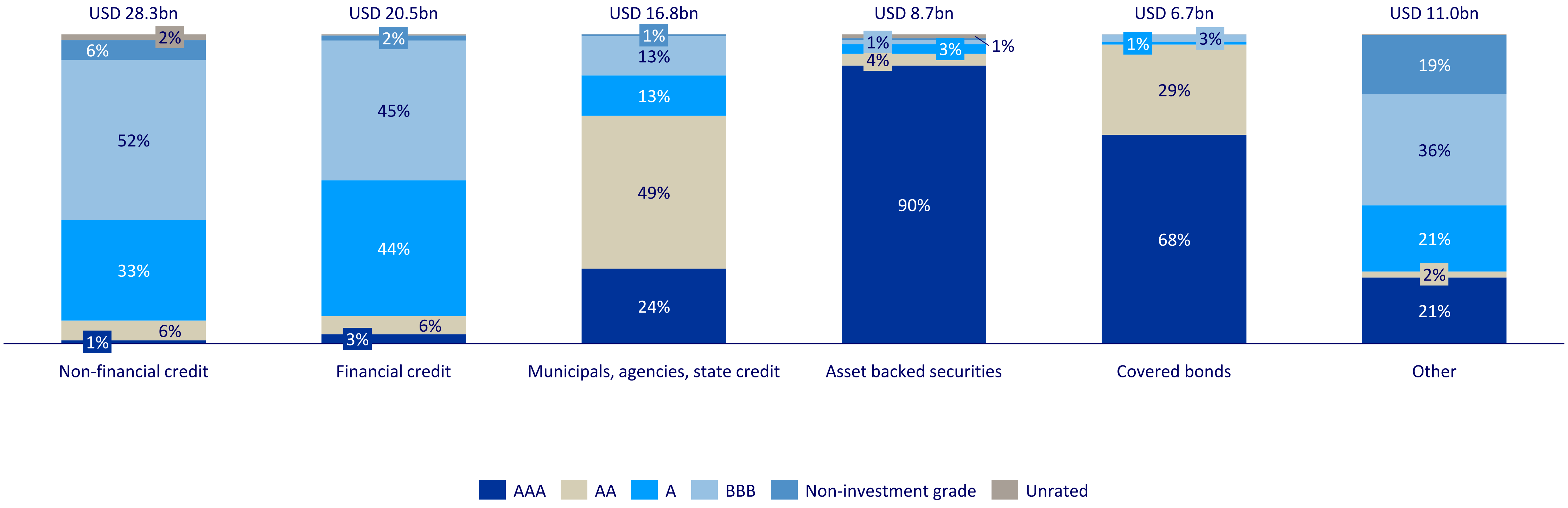


Note:
Within "Consumer cyclical": Leisure, restaurants, lodging – 0.7%
Within "Transportation": Airline – 0.3%

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

Highly diversified credit and private debt portfolio

HY-20 RATING OF CREDIT, PRIVATE DEBT SECURITIES (%)



Alternative markets in North America reported under Commercial Insurance going forward

ZURICH

OLD DISCLOSURE

FY-19 P&C overview by customer unit (USDm)[1]	Commercial Insurance	Retail and Other Insurance
GWP	16,279	19,419 (of which AM[2]: 6,913)
NEP	9,874	15,779 (of which AM[2]: 4,189)
Combined ratio	98.7%	93.6% (of which AM[2]: 94.2%)
BOP	1,527	1,644 (of which AM[2]: 430)

NEW DISCLOSURE

FY-19 P&C overview by customer unit (USDm)[1]	Commercial Insurance	Retail and SME Insurance
GWP	23,192	12,506
NEP	14,063	11,590
Combined ratio	97.4%	93.3%
BOP	1,956	1,214

1 Excluding Group Reinsurance and Eliminations.
2 North America alternative markets, i.e. captives, crop, direct markets, and programs.

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

ZURICH

P&C COMBINED RATIO (%)

KPI	HY-20 combined ratio (reported)	COVID-19 impact	Combined ratio (excl. COVID-19 impact)
AY loss ratio (excl. catastrophes)	58.5%	-2.8%	61.3%
Catastrophes	10.1%	6.0%	4.1%
PYD	-1.5%	-0.0%	-1.4%
Loss ratio	67.1%	3.1%	63.9%
Expense ratio	32.8%	0.4%	32.4%
Combined ratio	99.8%	3.5%	96.3%

LIKE-FOR-LIKE GROWTH

KPI	HY-19 (USDm)			HY-20 (USDm)				Like-for-like (%)
	Rep	M&A	Adj	Rep	FX	M&A[1]	Adj[1]	
P&C GWP	18,555	-	18,555	18,937	-406	111	19,232	4%
Life GWP / deposits	18,101	3,698	14,403	13,008	-912	-	13,920	-3%
Life net inflows	4,547	734	3,813	2,088	-397	79	2,405	-37%
Life APE	2,229	136	2,093	1,673	-131	16	1,788	-15%
Life NBV	505	7	498	348	-18	-7	374	-25%

1 In constant rates.

Commentary




Page 3: Key messages

The Group's half year 2020 results show a solid performance in a challenging period in which the Group faced the unprecedented impact of the COVID-19 pandemic, a global recession and elevated levels of catastrophe losses. Throughout this period, the Group has ensured the safety and wellbeing of the employees, with this reflected in improvements in employee satisfaction. The continued support of the Group's customers has allowed the Group to further improve the trust and confidence that they have in the Zurich organization. This has led to a further improvement in the customer satisfaction scores which will support future growth in the business.

Business operating profit (BOP) of USD 1.7bn included a range of items including USD 686m of overall COVID-19 related charges, approximately USD 140m of higher than average natural catastrophe losses, together with a range of other effects such as slower revenue growth, lower reinvestment rates and foreign exchange movements linked to economic developments following the outbreak of COVID-19.

The continuing nature of the event still entails some degree of uncertainty. Based on experience to date, overall P&C claims related to COVID-19 including secondary liability exposures resulting from the outbreak are expected to remain in-line with the previously indicated USD 750m for the full year.

The Group's strong delivery over 2016-19 created a simpler, more agile and more efficient business and provided a strong foundation to manage the challenges posed by the COVID-19 outbreak. In response to the outbreak and in anticipation of increased demands from consumers for more tailored and digital solutions, the Group has further accelerated the digitalization of the business while also launching innovative new services such as Zurich WellCare, a global platform aimed at providing health and wellbeing services. Further new digital propositions are expected to be rolled out over the coming months.

During the first half, the Group's commercial insurance business showed strong growth with gross written premiums increasing 8% on a like-for-like basis with further improvement in the level of price increases and terms and conditions. During the first half, rate increases continued to accelerate driven by commercial lines with increases also broadening out to other geographies outside North America, while terms and conditions were also strengthened. The reshaping and related profit improvement of the Group's commercial insurance portfolio over 2016-19, together with the trust earned with customers over the crisis, positions the Group well for further growth in commercial insurance as prices continue to harden.

The Group's balance sheet remains very strong, with Zurich's economic capital model (Z-ECM) ratio estimated to be 102% as of June 30. The Group's Swiss Solvency Test (SST) ratio based on standard yield curves allowed by the Swiss Financial Market Supervisory Authority FINMA was estimated at 185% as of June 30, while the Group retains a AA- rating from Standard and Poor's. The Group's liquidity position also remains strong and supported by continued strong cash-flows across the group.

Page 4: Key highlights

Post the outbreak of COVID-19 around the world the group's priorities have been to protect employees while supporting customers and the communities in which it operates.

During the first half of the year the group contributed in excess of USD 100m to support of customers through premium refunds, payment holidays and other forms of support, while the Farmers Exchanges provided around USD 300m of premium credits to motor insurance and SME customers with a consequent impact on Farmers management services fee revenues.

The Group has continued to execute on its customer focused strategy during the first half of the year, showing further improvement in the level of customer satisfaction in most of the Group's larger retail markets as measured by the net promoter score (NPS).

In addition to direct financial support given to customers, the Group has supported customers adapt their businesses to the changed situation. In Canada, the Group supported Bauer Hockey, a leading manufacturer of ice hockey equipment to adapt its manufacturing to personal protective equipment, while in the U.S., the Group assisted a hospital in New Jersey to activate a vacant site in order to provide care for patients.

In order to protect employees, the group implemented widespread working from home, with in excess of 90% of employees working remotely. Throughout this significant change the Group continued to operate without interruption. Employees felt highly supported during the COVID-19 crisis which is reflected in the record employee NPS score and highest point increase ever.

In addition to the support of customers, the Z Zurich Foundation has continued to support charities around the world pledging up to CHF 20m to respond to the COVID-19 crisis. Z Zurich Foundation is also supporting local initiatives, in collaboration with Zurich offices and people, to help countries respond to their local situation and needs by matching funds raised by Zurich employees to support local charities. To date, donations have supported over 160 charities and expect to impact over 1 million vulnerable people across the world.

Page 5: Key highlights

The Group’s balanced, and diverse global business coupled with its strong, conservatively managed balance sheet and high levels of liquidity provide a strong platform from which to drive growth through the Group’s customer focused strategy.

Page 6: Key highlights

Zurich ranks among the leading global commercial P&C insurers. The reshaping and improvement in profitability of the Group's commercial insurance portfolio over 2016-19, positioned the Group well to take advantage of the current significant improvement in global commercial lines pricing.

Throughout the first half of the year, Commercial insurance, which represents 67% of the Group's P&C gross written premiums, continued to see growth with gross written premiums increasing 8% on a like-for-like basis adjusted for currency movements and acquisitions and disposals.

Throughout the first half of 2020 pricing in commercial lines continued to improve with the second quarter seeing a further acceleration, while rate increases continued to broaden out to other geographies outside of North America.

In North America rate increases in commercial insurance reached 18% up from 12% in the first quarter, with most lines of business seeing significant increases with the principle exception of workers compensation, where rate increases turned positive after several quarters of slight declines. In EMEA price increases also saw an acceleration in the second quarter with rate increases of 12% in commercial insurance as price increases continued to broaden out across region having been led by the UK. In Latin America and Asia Pacific commercial insurance rates also increased further in the first half of the year.

Aside from the broadening out of pricing, the market for commercial insurance has accepted further tightening of terms and conditions across much of the business.

Page 7: Key highlights

The Group’s retail P&C business remained resilient over the first half of the year with gross written premiums declining 3% on a like-for-like basis adjusted for currency and acquisitions and disposals, however, the group observed significant differences between individual businesses.

Investments in fully digitizing the Group’s agents yielded results with businesses such as the Group’s Swiss retail business seeing modest growth, while more pure digital businesses such as the Group’s Japanese direct motor business saw strong growth driven by customers growing preference for fully digital solutions. In response to these trends the Group is further accelerating its investment in digitalizing the Group’s operations.

In contrast Cover-More, the Group’s specialist travel and assistance provider, saw a sharp decline in sales starting from March as a result of widespread travel restrictions which were imposed to counter the COVID-19 outbreak. In light of the expected slow recovery in demand for travel insurance, the Group is actively managing costs of the Cover-More business, while positioning the company for longer term recovery by increasing the focus on digital and assistance services.

Page 8: Key highlights

The Group's long-term strategy of focusing on protection and capital light savings business, continues to position the Group's life business well for the prevailing low yield environment.

In the first half of 2020, 89% of new business production came from protection, unit-linked or corporate savings business. Only 11% of the Group's new sales related to traditional guaranteed business where the low level of risk-free yields poses significant challenges to profitability.

Over the first half of the year, government lockdowns aimed at reducing the spread of the virus, reduced sales opportunities within face to face distribution channels which accounts for the majority of the Group's life distribution. As these have eased, sales have begun to recover, with distribution through key banking partners such as Banco Santander recovering sharply later in the half.

Page 9: Key highlights

In support of the customer focused strategy, the Group continued to enhance its digital capabilities, expand customer access and strengthen market positions in areas of focus. Investments made in 2019 and 2020 to fully digitize the end-to-end day of the Group's agents were key to maintain the ability to serve customers during the lockdown and position the Group well to meet changed customer demands for more digital interactions.

During the first half, the Group acquired the accident & health SME portfolio of CSS Versicherung AG, giving access to about 30,000 customers in Switzerland in a highly attractive line of business. The Group also continued to develop its distribution partnerships with the establishment of a long-term strategic alliance with Orange in Spain to sell insurance products to Orange's 20 million customers. In-line with the strategy to strengthen the Group's presence in the North American middle market, Zurich North America created a new position of Head of U.S. Middle Market, while further strengthening the middle market underwriting team.

The Group is creating global capabilities to support the local businesses. For example, Zurich Customer Active Management (ZCAM), a unit which provides analytical support to better interpret customer needs, preferences and expectations, is embedding its technology across the Group, with roll-out to date in Italy, Switzerland, Spain, UK and Indonesia. As shown at the Investor Day last year, ZCAM-s technology is yielding positive results, with agents adopting it able to increase product density, customer engagement and loyalty.

The newly created business Zurich WellCare aims to provide retail, SME and commercial insurance customers globally with unique health and wellness services tailored specifically to their needs. The flexible and modular WellCare offering will give customers the freedom to choose among core and optional elements, so they can personalize their approach to improving their physical and mental health. The aim is to include features enabling customers to track and assess their activities, ideas on how to get healthier, and, depending on the location, coaching and diagnostics tools, facilitating clinical services to assist in managing chronic conditions, as well as insurance solutions. The offering is in line with the Group's customer-focused strategy, expanding the focus towards prevention and innovative services beyond traditional insurance, and meets an increasing demand for health and wellbeing services.

Page 10: Key highlights

The Group’s balance sheet remains strong, with modest levels of financial leverage, a strong liquidity position and a conservative investment portfolio.

Group solvency improved over the second quarter of the year as a result of improved financial markets, with the Z-ECM ratio, which is calibrated such that 100% is equivalent to a AA level of capital, increasing to 102% at 30 June.

Group leverage remains moderate, with leverage based on the Moody’s calculations of 24.9%, well within the AA range.

During the first half there was little change to the Group’s overall investment portfolio which remains conservative, with 84% of investments in fixed income securities and cash.

Page 11: Key highlights

The Group delivered fully on the targets for the 2017-2019 period while making a more efficient, simpler and more agile organization.

In November 2019, the Group announced the following financial targets which it remains focused on achieving;

- A BOPAT ROE in excess of 14%
- Cumulative cash remittances over 2020-2022 of at least USD 11.5bn
- Earnings per share growth in excess of 5% per annum
- The Group's Z-ECM capital ratio to remain in a range of 100-120%.

Page 13: Group – COVID-19 impact

As announced with the first quarter results in May, the Group expects the overall impact of the COVID-19 outbreak to remain an earnings event.

The continuing nature of the event still entails some degree of uncertainty. The overall level of P&C claims related directly to COVID-19 and second order liability claims related to the outbreak are expected to remain in-line with the previously indicated USD 750m for the full year, with this fully booked within the first half results.

The overall net impact on P&C underwriting result is USD 444m after considering claims and offsetting frequency benefits as well as premium returns and voluntary actions to support customers during the outbreak and USD 14m related to expenses from Cover-More, the group's specialist travel and assistance provider.

In addition, COVID-19 led to the following additional impacts outside of P&C underwriting;

- P&C: USD 22m of losses related to Cover-More in addition to the USD 14m included within underwriting result, due to the sharp reduction in sales as a result of widespread travel restrictions imposed to counter the COVID-19 outbreak.
- Life: Life mortality and disability claims relating to the outbreak were the main part of the USD 52m impact in the first half of the year. Financial market volatility led to an overall impact of USD 71m from accelerated amortization of deferred acquisition costs and lower unit-linked fees, with the accelerated amortization making up roughly 60% of the overall impact. In addition, financial market movements resulted in a USD 36m impact recognized within the Non-core segment in relation to a book of legacy life liabilities.
- Farmers: FMS recorded a USD 40m impact as a result of reduced fees related to the granting of approximately USD 300m of premium refunds to personal auto and SME customers of the Farmers Exchanges, with no offsetting benefit in terms of costs within Farmers Management Services. business operating profit of Farmers Life includes USD 3m of items relating to a combination of mortality and accelerated amortization of deferred acquisition costs.

In addition to these items, the outbreak has had an adverse impact on top-line growth across all businesses and geographies, while also leading to other second order impacts such as adverse currency movements particularly in Latin America and generally lower reinvestment yields. Given the difficulties of attributing the specific movements in these items directly to COVID-19, these have not been included within the estimated impact on the Group's earnings from COVID-19.

Page 14: Group – Business operating profit

Overall Group business operating profit declined 40% on a reported basis due to the impact of COVID-19 and associated financial market impacts as well as higher levels of other catastrophe events.

EMEA which saw the greatest net impact from COVID-19 declined 44%, while the Group's operations in North America saw a decline of 18%, with both the Farmers business and the Group's P&C business contributing to the decline, largely due to the impacts of COVID-19 but also in the case of the P&C business resulting from claims related to civil unrest in the second quarter.

The Group's Asia Pacific business saw a 56% decline in earnings, in part driven by losses incurred at Cover-More following the sharp decline in sales on the back of reduced demand for travel insurance but also driven by weaker results in the Group's Australian life insurance operations due to adverse disability claims.

In contrast to the other regions, Latin America saw an increase in earnings of 9% in the first half year, with the impact of COVID-19 largely seen in reduced sales across both Life and P&C which will only impact earnings over time.

By business, P&C earnings declined 55% due to COVID-19 and higher levels of catastrophe losses, while Life and Farmers declined 20% and 10% respectively largely as a result of COVID-19 related items.

Page 15: Group – NIAS

Net income attributable to shareholders (NIAS) fell 42% in the year, driven by the decline in BOP and the recognition of net realized capital losses on investments instead of net realized gains in the prior year as well as a higher effective tax rate.

The effective tax rate for the first half of 2020 was 27.5% up from 24.9% in the prior year. The increase was principally driven by a less favorable geographic mix of earnings together with the absence of a one-time favorable benefit in the prior year relating to Swiss tax reforms.

Page 16: Group – Outlook

P&C: The Group expects further hardening of pricing over 2020 with price increases expected to remain ahead of loss cost inflation. The benefit of increased price levels is expected to be largely offset by a range of factors including lower demand as a result of declines in economic activity and restrictions placed on travel, premium rebates in motor, the return of premiums to reflect lower than anticipated levels of exposure and adverse FX movements particularly in Latin America. As a result, net earned premiums for the full year as reported in US dollars are expected to be around the same level as in 2019.

P&C investment income excluding fair value gains on hedge-funds in the second half of the year is expected to decline at a slightly higher rate than in the first half.

P&C net non-technical loss for the second half of the year is expected to be at a slightly lower level than in the first half of the year.

Life: Subject to market developments, life BOP in the second half of the year is expected to be around USD 700m.

Farmers: Gross written premium development at the Farmers Exchanges is expected to be similar for the full year as for the first half year. The FMS Managed Gross Earned Premium margin is expected to be around 6.7% for the full year before returning to more normal levels in 2021.

Group Functions and Operations: The Group functions are expected to show a run rate loss of around USD 750 – 800m per annum.

Restructuring charges: For 2020, restructuring charges and other costs recognized outside of BOP are expected to be around USD 250m.

Tax: The Group effective tax rate for 2020 is expected to be in the range of 27 – 28%.

Page 17: P&C – Top line

Gross written premiums in Property & Casualty (P&C) for the first half of 2020 increased 4% on a like-for-like basis, after adjusting for currency movements and closed acquisitions and disposals. Growth was driven by Europe, Middle East and Africa (EMEA) and North America. In U.S. dollars, gross written premiums grew 2%.

Growth was supported by higher premium rates, with increases achieved in most regions compared to the previous year. Notably, North America experienced a further acceleration of recent trends, with overall rate increases of 18% in the second quarter, and 16% on a half year basis.

Net earned premiums in the first half were up 4% on a like-for-like basis and 2% in U.S. dollars, in line with gross written premiums.

In EMEA, gross written premiums increased 7% on a like-for-like basis. Growth was driven by commercial insurance, most notably in the UK and Germany, while retail insurance was up modestly year on year, with growth dampened by the impact of the COVID-19 outbreak. Commercial insurance saw significant rate hardening in the first half and is expected to harden further in the second half.

North America grew 4% compared to the previous year on a like-for-like basis, driven by rate increases but also by higher retention and new business.

In Asia Pacific, gross written premiums decreased 13% on a like-for-like basis, with growth in Japan offset by a drop of travel insurance sales as a result of the COVID-19 outbreak.

Gross written premiums declined 8% on a like-for-like basis in Latin America, with lockdown measures and reduced economic activity impacting sales in the extended warranty business.

Page 18: P&C – BOP components

HY-20 P&C BOP was USD 751m, 55% lower than in the previous year. The decline was driven primarily by the impact of the COVID-19 outbreak and associated financial market developments, as well as higher catastrophe losses than in the previous year.

The overall impact of the COVID-19 outbreak on P&C was USD 484m of which USD 444m was recognized within the underwriting result and a further USD 39m in the net non-technical result.

The first half of 2020 also saw an elevated level of catastrophe losses in contrast with the relatively benign first half in 2019, due largely to a series of European winter storms and weather related events in North America in the first quarter and USD 123m of claims resulting from civil unrest in the United States.

Investment income was USD 66m below prior year, with reductions primarily in EMEA and North America, driven by lower investment yields. Realized capital gains of USD 42m were USD 120m below the very strong prior year result.

Page 19: P&C – Combined ratio details

The combined ratio of 99.8% in the first half was 4.8 percentage points higher than in the prior year period. The deterioration was entirely driven by COVID-19 claims and higher catastrophes, while underlying performance improved by 0.7 percentage points on a very strong HY-19 comparative.

The accident year loss ratio excluding catastrophes improved by 3.3 percentage points compared to HY-19, with the reduction due to continued underlying improvement and the temporary impact of lower claims frequency, especially in motor, associated with the COVID-19 outbreak and related restrictions implemented by governments.

Catastrophe and weather-related losses for the first half totaled 10.1%, or 4.1% excluding the USD 750m of COVID-19 claims, compared to a normal expectation of around 3%.

Prior year development of 1.5% remained in line with prior year level. Overall, the Group's reserve strength remained stable over the year.

The expense ratio of 32.8% in the first half was 0.1 percentage points above prior year, reflecting the volume impact of premium refunds related to the COVID-19 outbreak. On an underlying basis, expense ratio improved by 0.2 percentage points driven by other underwriting expenses.

Page 20: P&C – Combined ratio by segment and customer unit

In EMEA, the accident year combined ratio ex-catastrophes remained in line with the previous year after removing the impact of COVID-19 related frequency benefits and voluntary actions to support customers during the outbreak.

In North America, the accident year combined ratio ex-catastrophes, excluding the above mentioned COVID-19 impacts, improved strongly to 88.6% driven by a lower loss ratio benefiting from the earn through of rate increases.

The Asia Pacific accident year combined ratio ex-catastrophes and excluding COVID-19 impacts was 94.7%, 0.1 percentage points above prior year. This was driven by a higher expense ratio largely due to the inclusion of Adira Insurance, whose business runs at a higher expense ratio than the regional average, offset by a lower accident year loss ratio ex-catastrophes.

In Latin America, the accident year combined ratio ex-catastrophes and excluding COVID-19 impacts was 99.1%, 1.5 percentage points higher than in the previous year, with the deterioration largely driven by higher expense ratio as a result of lower volumes.

Starting from HY-20 the Group’s Commercial insurance customer unit includes the North American alternative markets business, which was previously reported within Retail and other, with this unit renamed as Retail and SME. North American alternative markets include businesses such as captives, programs, crop, and direct markets which by nature are closer to commercial.

Commercial insurance delivered a strong performance with the accident year combined ratio excluding catastrophes and COVID-19 impacts improving primarily due to North America.

For the retail and SME business, the accident year combined ratio excluding catastrophes and COVID-19 impacts was 94.1% for HY-20, 0.2 percentage points higher than in the previous year, primarily driven by a higher accident year loss ratio in Asia Pacific.

Page 21: P&C – Investment result

Investment income was USD 66 million below 2019, with reductions primarily in EMEA and North America, due to lower investment yields. Realized capital gains of USD 42 million were USD 120 million below the very strong result of the first six months of 2019.

The book yield for debt securities reduced by 16bps to 2.7% during the first half of 2020. Reinvestment yields on debt securities were around 1.9% over the first half year. The gap between book yield and reinvestment rate for debt securities increased from 41bps to 74bps during the first half of 2020 mainly as a result of reductions in yields across the Group’s major geographies.

Page 22: Life – Business operating profit

Life BOP for HY-20 was USD 559m, 20% below the prior year on a reported basis and 3% below excluding the COVID-19 impact for Life of USD 123m. On an underlying basis Life performance has been stable, also considering movements in exchange rates and a USD 13m lower contribution from one-off items, mainly in EMEA and North America. The contribution to BOP from Life is expected to increase in the second half of the year.

In EMEA, HY-20 BOP was impacted by the COVID-19 outbreak, mainly in the UK and to a lesser extent in Switzerland. On a reported basis BOP decreased by 28% compared to the prior year. Adjusted for COVID-19, BOP was down 1%. Additionally, prior year results were supported by some favorable one-offs which did not repeat in HY-20.

In Latin America, BOP increased 12% on a reported basis and 44% in local currency, mainly driven by favorable results from the unit-linked business in Argentina.

Asia Pacific BOP of USD 35m declined significantly compared to prior year mainly driven by weaker results in Australia and some strengthening of assumptions in Japan, coupled with an unfavorable economic impact in Hong Kong.

In North America, which excludes Farmers Life, which is reported separately under Farmers, business operating earnings increased by USD 18m due to favorable claims experience more than off-setting the absence of a favorable one-off item in the prior year.

Page 23: Life – Business operating profit by source of earnings

The Group's life business continued to be driven by stable income streams on a sources of earnings view, with 87% of income coming from loadings and fees together with technical margins.

Viewed by margin and excluding the impact from COVID-19, loadings and fees increased 3% in the first six months compared to the prior year mainly driven by the inclusion of OnePath Life in Australia. Growth in Latin America and EMEA was offset by adverse exchange rate movements.

The investment margin increased 9% mainly driven by a methodology refinement regarding policyholder bonus allocations in Germany.

The technical margin declined 9% on a reported basis driven by higher mortality claims mainly in the UK and Switzerland. Excluding the COVID-19 impact the technical margin increased 2% mainly driven by favorable results in Latin America and North America.

On the expense side, operating costs excluding the COVID-19 impact increased by 5%, reflecting mainly the inclusion of OnePath Life in Australia. Excluding the COVID-19 impact, acquisition costs net of deferrals worsened by 7%. Lower underlying acquisition costs were more than off-set by lower deferrals.

Page 24: Life – Premiums, net inflows and assets under management

In the Group's Life business, gross written premiums and deposits were down 28% in HY-20 compared to HY-19 on a reported basis, and down 3% on a like-for-like basis, adjusting for currency movements, acquisitions and disposals. Growth in most regions was compensated by reductions in EMEA driven by Bansabadell in Spain, Italy and Ireland.

Net inflows of USD 2.1bn in the first six months of the year are lower than in the prior year driven mainly by EMEA. On a like-for-like basis EMEA saw USD 1.5bn lower inflows than in the prior year with roughly half of this driven by one-time inflows in Switzerland in the prior year.

Assets under management (AuM) decreased 3% mainly due to currency movements, with net inflows offset by unfavorable market movements.

Page 25: Life – New business and new business mix

In the first six months, Life new business annual premium equivalent (APE) sales decreased 15% on a like-for-like basis, adjusting for currency movements, acquisitions and disposals. The decline reflects the COVID-19 related impact of government lockdowns across the world on face-to-face distribution channels. The HY-20 development also reflected expected reductions in several markets from exceptional levels in the first half of 2019. On a reported basis APE was 25% lower.

In EMEA APE sales decreased by 20% on a like-for-like basis compared to the same period in 2019, mainly driven by a reduction in corporate pension business in Switzerland from the exceptional levels of the first half in 2019, and by lower retail saving business in Spain and lower sales levels in Italy as a result of COVID-19 lockdowns.

APE sales in Latin America were flat on a like-for-like basis. Higher unit-linked sales mainly at Zurich Santander were offset by lower individual saving business in Chile and lower protection volumes across the region.

In Asia Pacific APE sales decreased 24% on a like-for-like basis, reflecting lower sales volumes in Japan, Malaysia and Indonesia, mainly driven by the outbreak of the COVID-19 virus.

In North America APE sales were 28% lower than in the prior year due to reduced sales of corporate protection business mainly in the first quarter ahead of the sale of the Group life business to Aflac Incorporated, announced on March 19.

The new business margin remained on a good level at 23.9% as reported or 24.5% on a like-for-like basis. New business value (NBV) decreased 25% on a like-for-like basis, driven by lower new business volumes, unfavorable economic variances due to the drop in yields and operating assumption changes impacting EMEA and key countries in Asia Pacific. On a reported basis NBV declined 31%.

The Group continues to focus on protection, unit-linked and corporate pension business, with these products accounting for 89% of APE sales. Protection business contributed 84% of the overall NBV.

Page 26: Life – Investment result

Life investment result, which is gross of policyholder sharing, decreased by 27% to USD 1.4bn in U.S. dollars, driven mainly by lower realized capital gains compared to prior year.

Page 27: Farmers Exchanges – Key metrics

Gross written premiums of the Farmers Exchanges decreased 3%. Underlying growth of 0.2% was offset by approximately USD 300m in COVID-19 premium credits as well as an adjustment to previously booked gross premiums relating to lower expected volumes of commercial rideshare business following the issuance of shelter-in-place orders by U.S. state governments in response to the COVID-19 outbreak.

Key customer metrics remained strong as a result of the Farmers Exchanges' customer focused strategy, with a further increase in Net Promoter Score and stable retention levels compared to prior year.

The combined ratio increased 1.6ppts to 101.6% mainly driven by a 1.8ppts increase in catastrophe losses.

The surplus ratio declined 0.4ppts to 41.1% due to the reduction of the all lines quota share reinsurance treaty from 29 percent to 26 percent effective December 31, 2019.

Page 28: FMS – Overview

Farmers Management Services (FMS) BOP decreased 10% compared to the prior year. This was mainly driven by reduced fee revenues as a result of the premium credits to customers at the Farmers Exchanges, higher operating expenses mainly due to timing differences and a one-time write-off of certain capitalized expenses. As a result, the managed gross earned premium margin decreased 0.4ppt to 6.6%. The managed gross earned premium margin is expected to return to more normal levels in the second half of the year.

The first half was also impacted by less favorable mark to market of a deferred compensation plan compared to the prior year.

Page 29: Farmers Life and Farmers Re – Overview

Farmers Life BOP of USD 106m was USD 14m lower than in the prior year. The result was mainly driven by lower claims in the prior year.

Farmers Life new business APE was 8% lower than in the prior-year period, while new business value increased 17% mainly driven by lower swap rates.

Farmers Re BOP of USD 10m was USD 1m higher than in the prior year driven by an improved loss ratio which was partially offset by lower investment and other income. Farmers Re BOP is expected to gradually decline in the coming years, reflecting lower net earned premiums and lower investment income as asset balances reduce in line with the reduction in the all lines quota share participation, which was reduced to 0.25% effective December 31, 2019.

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

The business operating loss reported under Group Functions and Operations improved by USD 22m to USD 348m. This was driven by a USD 64m reduction in Holding and Financing costs due to lower interest expenses, partially offset by an increase in headquarter expenses compared to prior year as a result of increased investments in innovative new business propositions.

The Group’s Non-Core Businesses, which comprises run-off portfolios that are managed with the intention of proactively reducing risk and releasing capital, reported an operating loss of USD 39m driven by adverse developments in a legacy portfolio of life liabilities as a result of declining financial markets following the outbreak of COVID-19.

Page 31: Group – Solvency ratios

The Group’s balance sheet remains very strong, with Zurich’s economic capital model (Z-ECM) ratio estimated to be 102% as of June 30, within the Group’s target range. The Group’s Swiss Solvency Test (SST) ratio based on standard yield curves allowed by the Swiss Financial Market Supervisory Authority FINMA was estimated to be 185% at June 30, including EUR 750m of subordinated debt issued in June but only approved as eligible risk-bearing capital by FINMA in July.

For Z-ECM the operational capital generation from the businesses in the first half of the year of 3 percentage points was impacted by the various charges linked to COVID-19 as identified within the Group’s first half results. This was offset by 4 percentage points of dividend accrual. Market movements over the first half reduced the ratio by 33 percentage points, driven primarily by the fall in interest rates but also by widening of corporate credit spreads and higher assumed volatility. Other items added 8 percentage points, with debt issuance being the largest contributor.

Page 32: Group – Balance sheet and capital structure

Shareholders' equity decreased by USD 1.8bn mainly driven by the payment of the Group dividend in the second quarter partly offset by the net income of USD 1.2bn.

Over the first half of the year the Group issued around USD 800m of commercial paper, with this subsequently being refinanced through longer term debt as credit spreads normalized later in the second quarter. At the balance sheet date, this has the effect of increasing the overall proportion of senior debt shown in the Group's capital structure. Since the end of the first half the amount of commercial paper has already reduced by around USD 300m with the balance expected to run-off over the remainder of the year.

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