ZURICH

Strong start to the new financial cycle

Half year results 2023

August 10, 2023
Investor and media presentation
Zurich Insurance Group

Content

Use symbols to navigate through the document

Main sections

- Key highlights
- Group results and outlook
- Property & Casualty (P&C)
- Life
- Farmers
- Group Functions & Operations and Non-Core Businesses
- Group solvency and balance sheet

Other important information

- Disclaimer
- Dividend policy
- Customer KPIs
- P&C reinsurance program
- Farmers Exchanges details by line of business
- Group solvency and investment details
- Restatements and alternative performance measures

Back to content page Contacts and calendar

Key highlights

Key messages

Excellent start to new financial cycle	BOP at USD 3.7bn in line with the record result achieved in the prior year, higher on a per share basis[1]. NIAS is up 6% to USD 2.5bn. USD EPS up 8%. BOPAT ROE at 22.9%
P&C rates increasing in Retail and Commercial	Rates increased by 6% for the Group, with Commercial Insurance seeing +7% and Retail +4%. North America commercial rates +9% boosted by a re-acceleration in property
P&C producing highly attractive results	Combined ratio of 92.9%. 10% like-for-like[2] growth in GWP and insurance revenue. Retail shows promising margin improvements while Commercial returns remain high. Investment income grows strongly
Strong performance in Life	Life BOP grew 18% like-for-like[2] to USD 0.9bn, contractual service margin (CSM) up 7% vs. FY-22; new business premiums (PVNBP) up 13%, while new business CSM was 14% down due to lower margin and FX
Farmers Management Services BOP growing	FMS BOP up 8%, mainly driven by growth in gross earned premiums at Farmers Exchanges[3]. Farmers Life BOP impacted by reinsurance transaction costs while Farmers Re saw an underwriting loss
Very strong capital position, further in-force optimization	SST ratio of 263% at June 30[4], up 5pts vs. Q1-23 of 258%. Two further back book transactions announced in the first half (Chile annuity sale and Farmers New World Life reinsurance transaction)

Note: The comparative figures in this presentation have been restated for the effect of the adoption of IFRS 17, unless otherwise stated.

1 Based on BOP after-tax divided by weighted average diluted number of shares.
2 In local currency and after adjusting for acquisitions and disposals.
3 For all references to Farmers Exchanges see the disclaimer and cautionary statement.
4 Estimated Swiss Solvency Test (SST) ratio, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA.

Continuing to pursue our strategic vision established in 2016, increased ambition for 2023-2025 financial cycle

Consistent strategy, increased ambition

- Deliver **cross-cycle outperformance in Commercial** based on technical excellence and opportunistic growth
- Accelerate **customer loyalization in Retail** through relevant, innovative propositions and holistic experiences
- Value creation through **customer intelligence, advanced data analytics** and targeted, customer-led digitalization
- Leverage strengths in **distribution to pursue targeted growth opportunities** in attractive, fast-growing segments
- **Drive climate transition** through focus on sustainable solutions, engaging with customers and investees

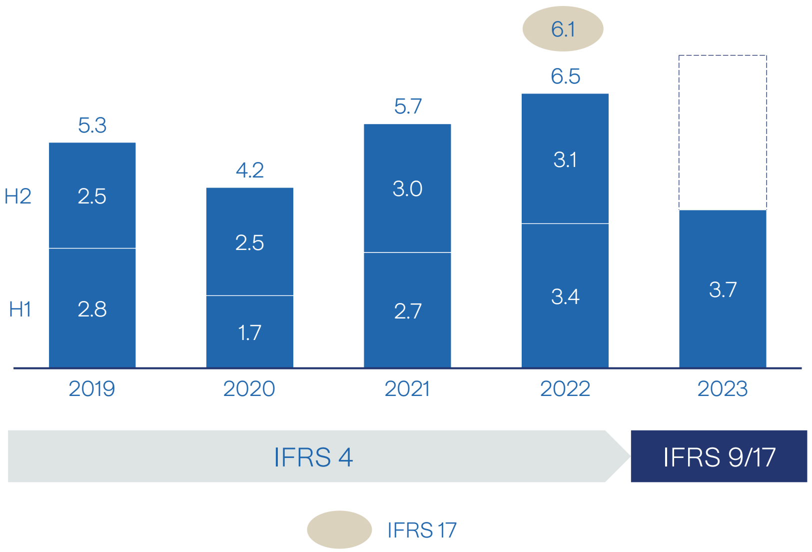
Financial targets for 2023 – 2025[1]

BOPAT ROE[2]	>20%
EPS growth[3]	8%
SST ratio	≥160%
Cash remittances[4]	>13.5bn

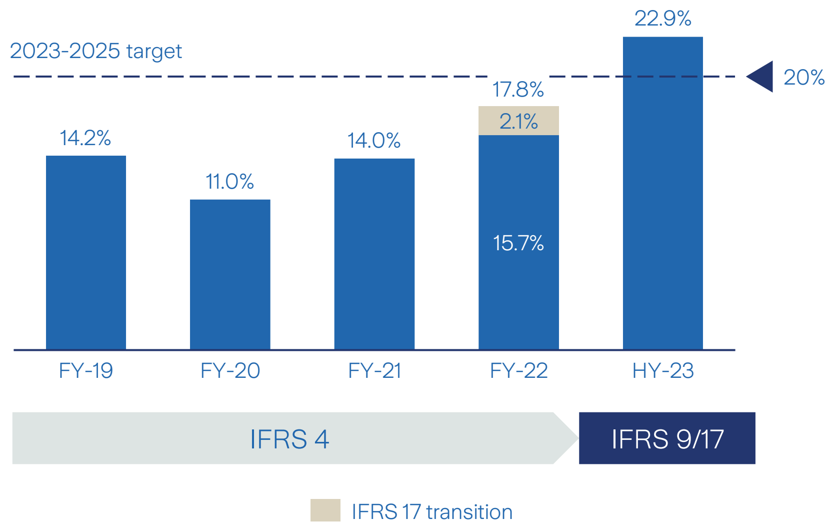
1 Financial targets for 2023-2025 are based on IFRS 17.
2 Annualized business operating profit after tax return on equity, excluding unrealized gains and losses.
3 The baseline for the 2023-2025 EPS growth target was the assumed achievement of the 5% EPS CAGR target of the 2020-2022 strategic cycle (i.e. EPS of USD 32.1).
4 Cumulative net cash remittances over the period 2023-2025 (in USD).

Strong profit growth and excellent return on equity; earnings trajectory not affected by the transition to IFRS 9/17

Group BOP (USDbn)[1]



BOPAT ROE (%)[2]

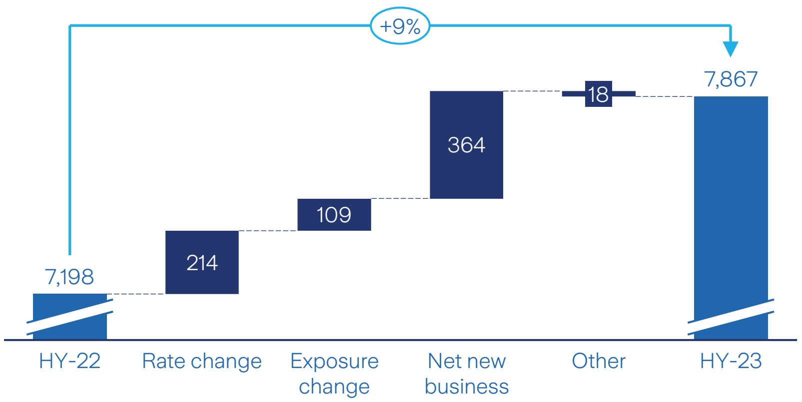


[1] 2023 based on IFRS 17, comparative years based on IFRS 4.
[2] Annualized business operating profit after tax return on equity, excluding unrealized gains and losses.

Growth in Commercial and Retail P&C business driven by higher premium rates and net new business

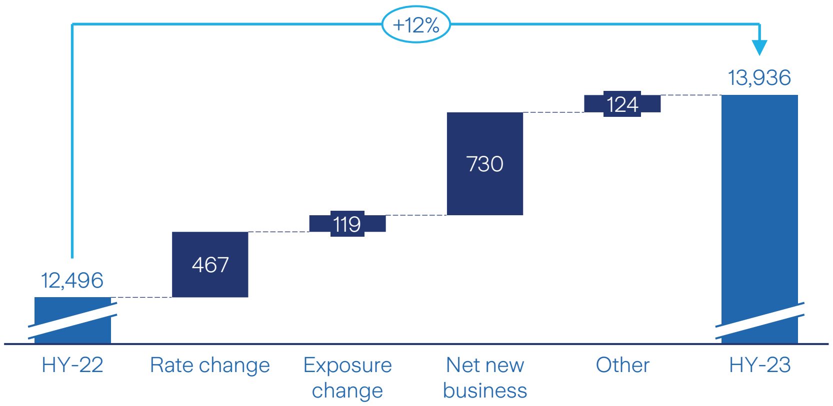
P&C GWP growth by driver

Retail and SME (USDm)[1]



P&C GWP growth by driver

Commercial (USDm)[1]

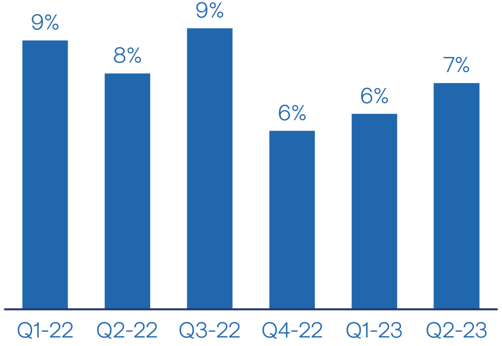


1 In constant FX. Other includes premiums for ceded facultative reinsurance, captives/pools/co-reinsurance agreements and eliminations. Commercial excludes crop (USD 0.1bn growth year-on-year at HY-23).

ZURICH

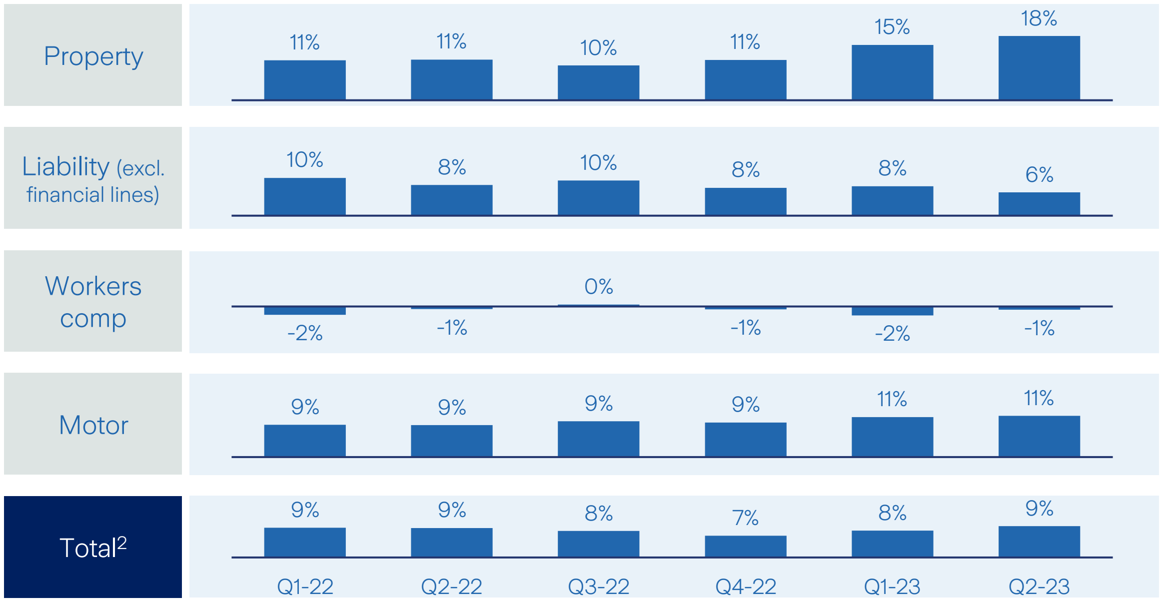
Commercial rates above loss trends and sequential improvement in 2023 driven by a re-acceleration in property

P&C Commercial



Commercial - North America

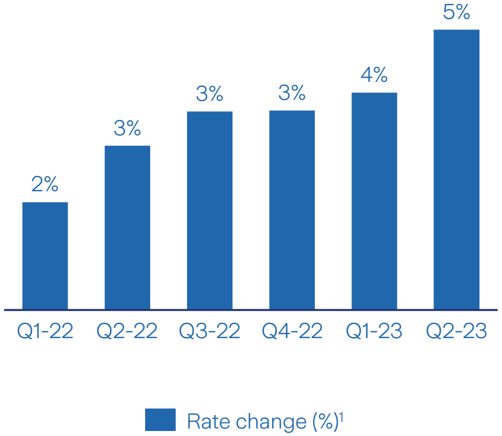
Rate change (%)[1]



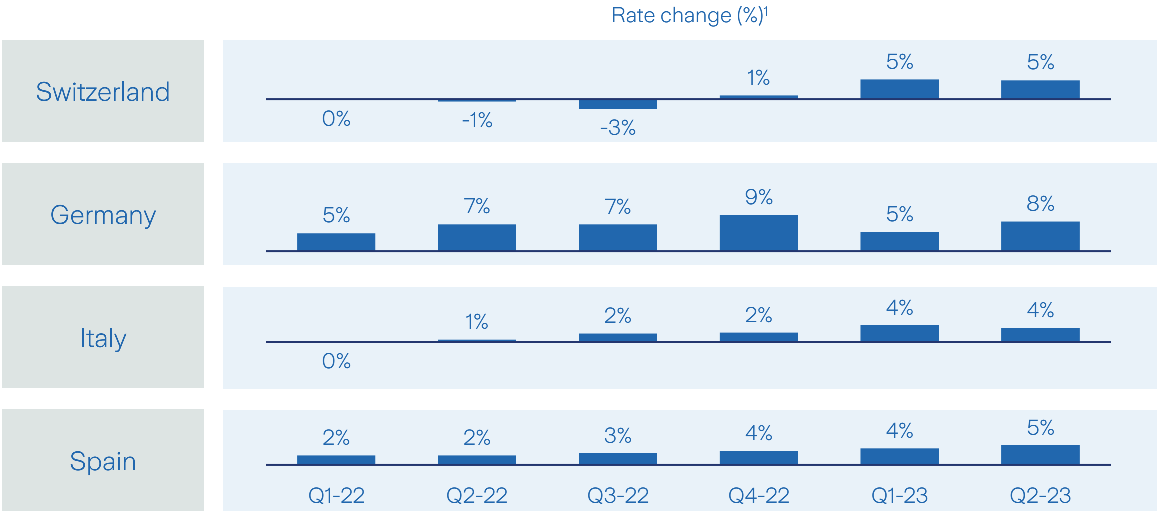
1 GWP development due to premium rate change as a percentage of the renewed portfolio (monitored business) against the comparable prior year period.
2 Total includes also financial lines and specialties.

Retail rates show strong signs of improvement in 2023 mainly driven by hardening motor rates

P&C Retail and SME



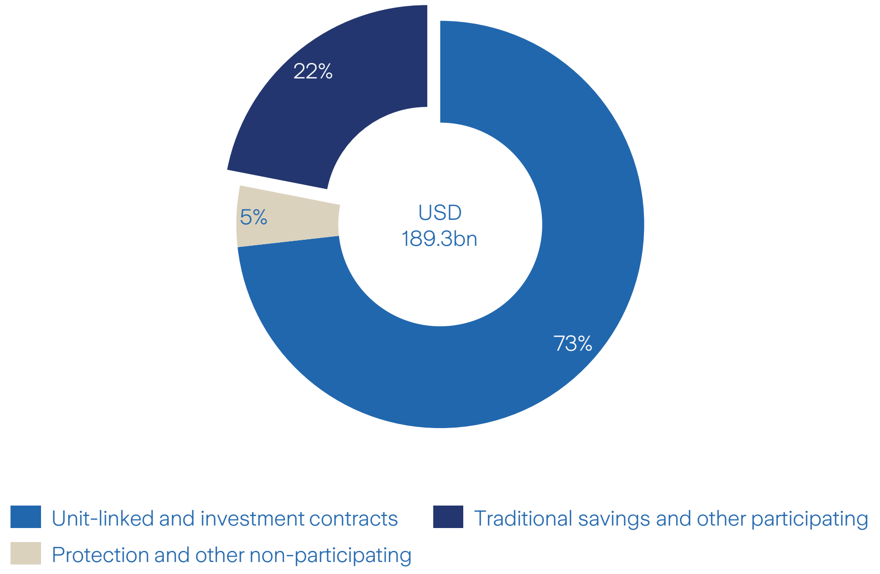
EMEA - Retail Motor



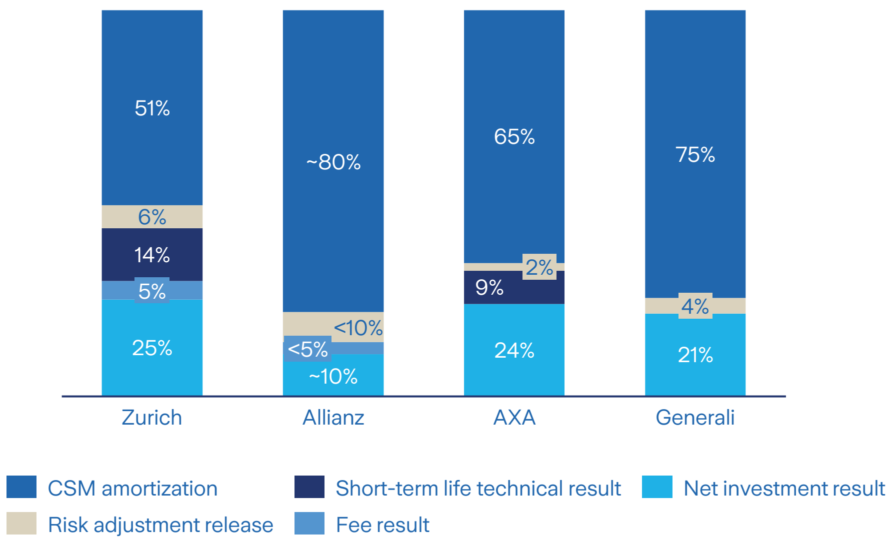
[1] GWP development due to premium rate change as a percentage of the renewed portfolio (monitored business) against the comparable prior year period.

Life business with capital efficient product mix and well diversified profit drivers

Life reserves and liabilities[1]



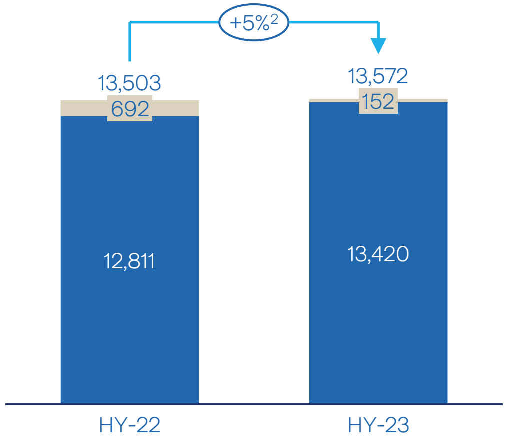
FY-22 operating profit drivers (%)[2]



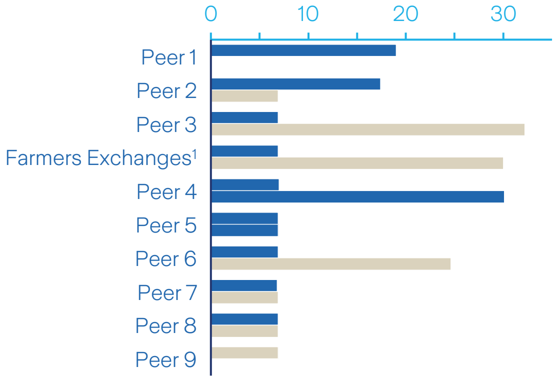
1 Net of reinsurance, as of HY-23.
2 Gross of non-controlling interests and before the impact of onerous contracts, experience adjustments and other result. Allianz based on a normalized full-year, as per Allianz Series #11 (June 2023).

Farmers Exchanges[1] top-line benefiting from continued focus on pricing, partially offset by impact of targeted non-rate actions

GWP (USDm)



California auto rate filings (%), selected peers, last 12 months[3]



Avg. time to approval 8-9 months

Approved rate filing(s)
Additional rate filing pending approval

Key actions

- Continued focus on increased pricing adequacy
- Targeted non-renewals and exposure reductions
- Restrictions on new business and capacity in selected states
- Review of sales incentive structures
- Focused expense reductions
- Claims actions taken by the Farmers Exchanges[1]

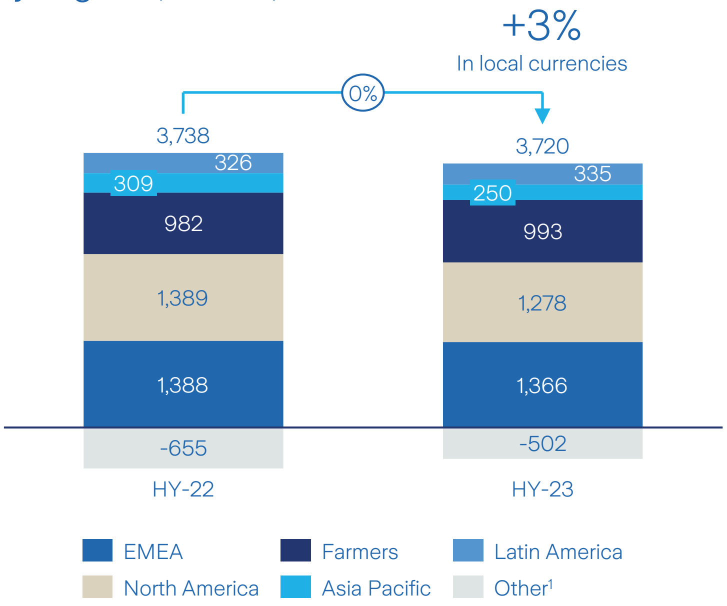
1 For all references to Farmers Exchanges see the disclaimer and cautionary statement.
2 On a comparable basis, excluding commercial rideshare business.
3 Rolling 12 months rate filings and approvals for top 10 writers of Auto premiums in the state of California (chart not ordered by size); Source: SERFF.

ZURICH

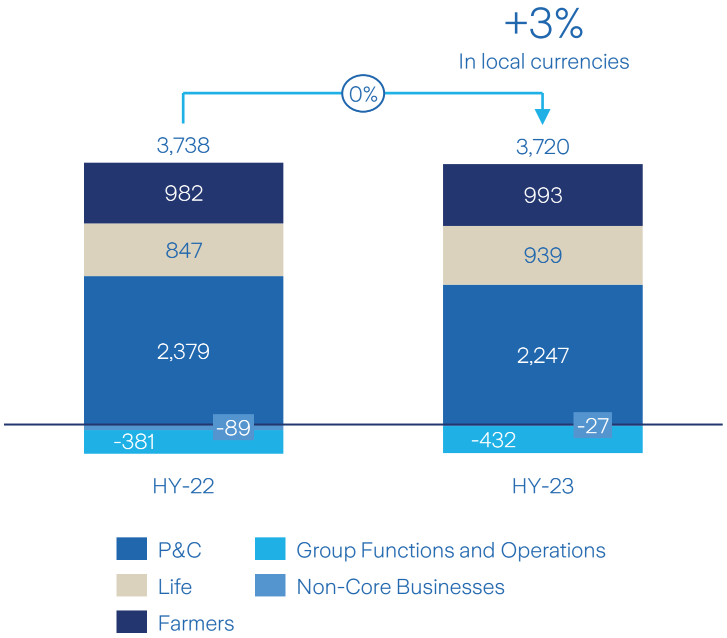
CFO update

BOP in line with very strong HY-22 comparative period, 3% ahead in local currency terms

BOP by region (USDm)



BOP by business (USDm)



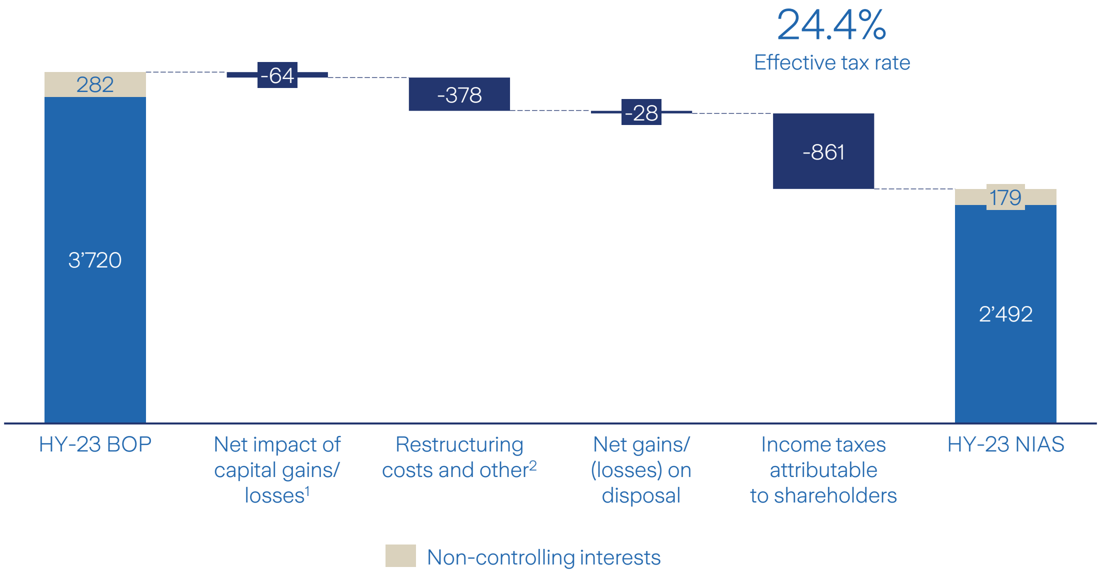
[1] Includes Group Functions and Operations, Non-Core Businesses and Group Reinsurance.

Commentary

- **Group** business operating profit (BOP) was in line with very strong HY-22 at USD 3.7bn, with 3% growth in local currencies dampened by U.S. dollar appreciation against major currencies.
- **EMEA** BOP reduced by 2% driven by P&C, which in the prior year period benefitted from a non-recurring gain related to a real estate transaction, while Life BOP increased as a result of higher CSM amortization and fee result, as well as the non-recurrence of transition adjustments seen in 2022.
- **North America** BOP was 8% below prior year as a result of a higher combined ratio in P&C, partially offset by the positive impacts of higher volumes, a higher net investment result, and favorable experience in Life.
- **Asia Pacific** BOP was 19% below a strong prior year first half due to unfavorable fluctuation in claims experience in Life, higher combined ratio in P&C and adverse FX movements.
- **Latin America** BOP improved by 3%, driven by strong performance in both P&C and Life.
- By business, **P&C** BOP decreased 6% (2% in local currencies) compared with the prior year period which benefitted from a lower combined ratio and a non-recurring gain related to a real estate transaction.
- **Life** BOP grew 11% (16% in local currencies) driven by EMEA and North America which more than compensated for a reduction in Asia Pacific.
- **Farmers** segment BOP up 1% compared to the prior year, as the increase in fee income at FMS is offset by the underwriting loss in Farmers Re and transaction costs in Farmers Life.
- Net expenses in the **Group Functions and Operations** units were above the prior-year period, mainly driven by higher interest rates.
- The Group's **Non-Core Businesses** reported a small operating loss, mainly driven by negative market impacts and movements on run-off portfolios.

Net income attributable to shareholders up 6% mainly due to improved financial market conditions

BOP to NIAS walk (USDm)



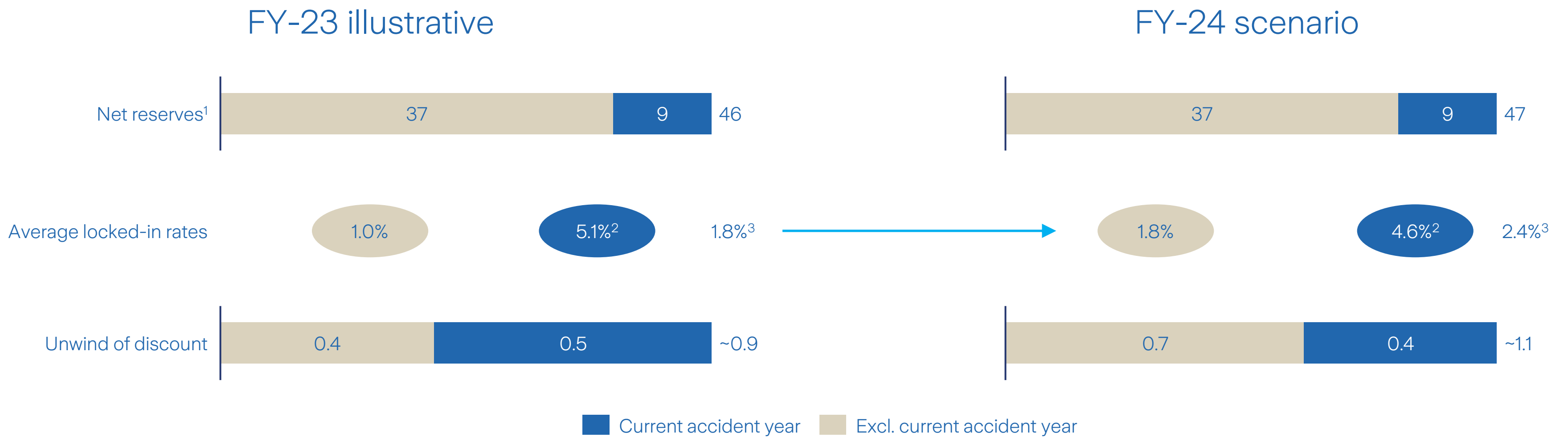
Key drivers

- Group BOP of USD 3.7bn in line with HY-22
- Net unfavorable impact of capital gains/ losses of USD 64m reflects offsetting movements on asset and liability side, and compares favorably to a net loss of USD 404m recorded in HY-22
- USD 378m restructuring/other impacts, compared to USD 234m in HY-22. This reflects a higher amount of restructuring costs, mainly driven by a USD 107m charge from rationalization of our own use property footprint

[1] Net impact of capital gains/losses and impairments on Group investments and unit-linked investments, net of change in liabilities for investment contracts and other funds as well as re-/insurance finance income/expenses.
[2] Restructuring costs and other includes restructuring provisions, other adjustments and impairment of goodwill.

Higher interest rates lead to increases of P&C locked-in rates and unwind of discount year over year

Illustration of P&C locked-in rates and unwind of discount (USDbn, %)



For full P&L impact, also consider rising investment income and discount benefit in combined ratio

1 Net liability for incurred claims discounted at locked-in rates and growth rate of 2% p.a. assuming 20/80 split between current and prior accident years.
2 Current accident year average locked-in rate based on current assumptions. Lower locked-in rate for AY 2024 vs. AY 2023 based on observation of current forward yield curves.
3 Weighted average of average locked-in rates.

2023 outlook

Property & Casualty	• Insurance revenue expected to grow by mid-single digit percentage year-on-year • Commercial Insurance expected to maintain high level of returns; Retail and SME expected to continue seeing improving results as the impact of price increases earns through • Losses from natural catastrophes expected to be 2.5-3.0% of P&C insurance revenue • PYD expected to be in the range of 1-2% of P&C insurance revenue • Expense ratio likely to be ~1pts higher than FY-22 given mix-driven rebound in commission • Based on current interest rate conditions, P&C investment income in 2023 expected to be ~USD 250-300m above the prior year, current accident year discount impact in H2-23 to be higher than H2-22 and FY-23 finance expense (unwind) expected to be ~USD 900m
Life	• Macroeconomic conditions and financial market volatility expected to remain a headwind to new business • Life FY-23 BOP expected to be just in excess of USD 1.8bn
Farmers	• Low single-digit growth expected for Farmers Exchanges[1] GWP, after adjusting for the rideshare business, given focus on improving underwriting performance through rate and non-rate actions • Reinsurance of Farmers Life's in-force individual life insurance book closed on August 1st 2023. Thereafter, majority of in-force earnings replaced by assumed investment return on USD 1.8 billion cash received
Other	• Group Functions and Operations net expenses expected to be in the range of USD 800-850m • Operating loss for Non-Core Businesses expected to return to more moderate level in 2023 • Effective tax rate expected to be in the range of 24-26%

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

Strong growth supported by favorable rate environment

HY-23 top-line development

	GWP (USDm)	GWP like-for-like growth (%)[1]	Rate change (%)[2]	Rate change outlook	Insurance revenue (USDm)	Insurance revenue like-for-like growth (%)[1]
EMEA	10,296	8%	5%	Stable	8,267	7%
North America	11,873	9%	9%	Stable	9,559	9%
Asia Pacific	1,816	15%	3%	Stable	1,702	16%
Latin America	1,575	25%	7%	Moderating	1,461	29%
Total[3]	24,560	10%	6%	Stable	20,163	10%

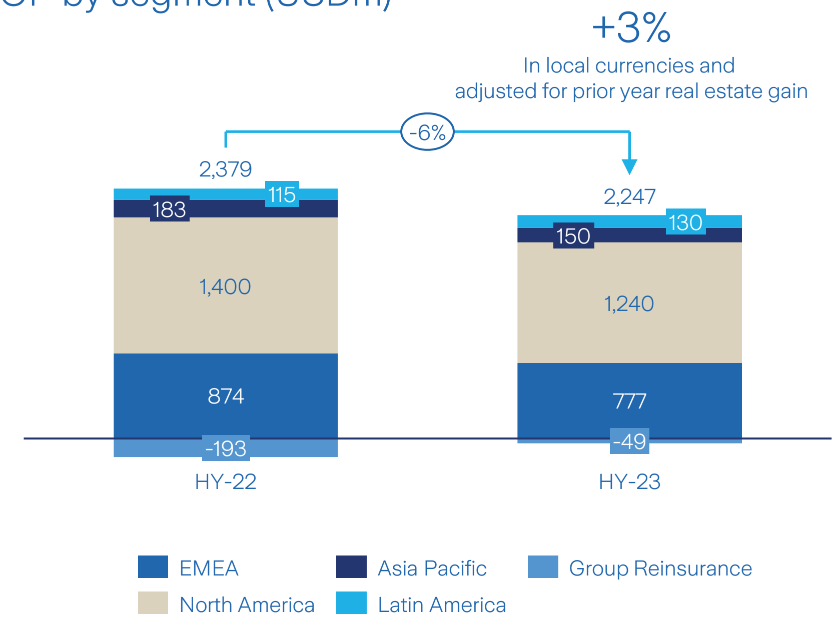
1 In local currency and after adjusting for acquisitions and disposals.
2 GWP development due to premium rate change as a percentage of the renewed portfolio (monitored business) against the comparable prior year period.
3 Total includes Group Reinsurance and Eliminations.

Commentary

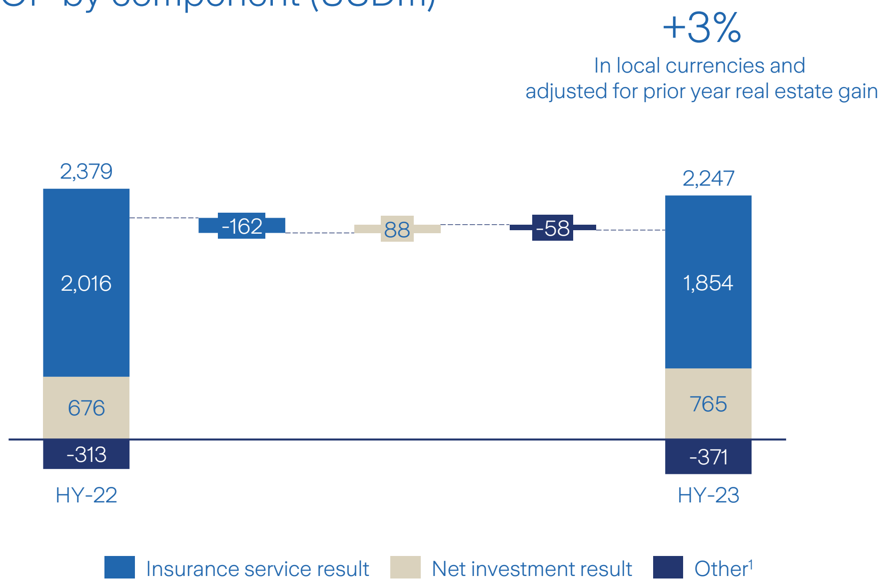
- **Gross written premiums** rose 10% on a like-for-like basis and 8% in U.S. dollar terms. All regions demonstrated strong growth supported by higher premium rates of 6% on a Group basis.
- **Insurance revenue** rose 10% on a like-for-like basis and 8% in U.S. dollars benefiting from the earn-through of growth in gross written premiums.
- **Rate change** of 6% remains favorable and is supported by a commercial rate increase of 7%. Rate increases have stabilized throughout the year.
- In **EMEA**, gross written premiums increased 8% on a like-for-like basis, driven by a strong performance across the region, particularly in the UK, Switzerland, Germany, and Italy.
- In **North America**, gross written premiums grew 9% on a like-for-like basis. Growth benefited from rate increases of 9% which increased by a point compared to 8% at Q1-23.
- In **Asia Pacific**, gross written premiums rose 15% on a like-for-like basis, with strong contribution from all markets driven by growth in travel business and retail motor.
- In **Latin America**, gross written premiums rose 25% on a like-for-like basis, with strong commercial growth and increased retail sales across the region.

P&C BOP down 6%, with underlying up 3% adjusting for prior year real estate gain and FX

BOP by segment (USDm)



BOP by component (USDm)



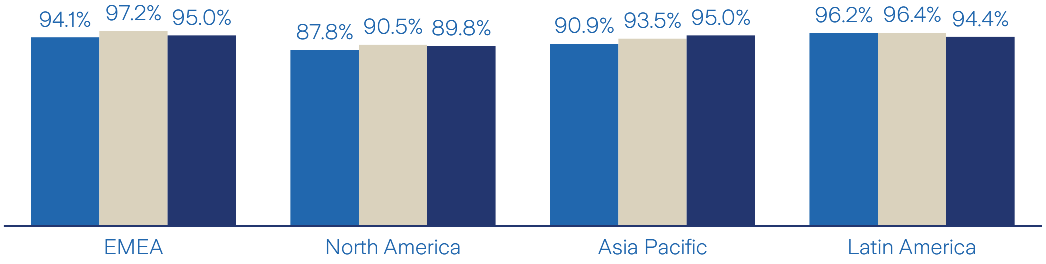
[1] Includes Fee result, Other result and non-controlling interests.

Commentary

- HY-23 **P&C BOP** was USD 2,247m, 6% lower than in the previous year. In local currency, the HY-23 P&C BOP was 2% lower than in the previous year driven by a modestly higher combined ratio and the absence of a non-recurring real estate transaction in the prior year partially offset by an increase of the investment result. Adjusting for the impact of the real estate transaction and in local currencies, P&C BOP was 3% higher than in HY-22.
- **Net investment result** was USD 88m higher than in the previous year. This was mainly driven by **investment income** of USD 197m above prior year levels due to the earn-through of higher yields and **realized capital gains** of USD 73m coming from the Group's hedge fund portfolio compared with a loss of USD 45m in the previous year. This was partially offset by an increase in the **insurance finance expenses** of USD 227m compared to the previous year due to an increase of the unwind of discount.
- The impact of **fee result, other result, and non-controlling interests** decreased USD 58m compared to the prior year period mainly reflecting the absence of a one-off gain from a real estate transaction in 2022. This was partially offset by a higher **fee result** by USD 39m and lower **technical non-qualifying expenses** by USD 34m.

Commercial maintains strong profitability while Retail and SME show signs of improvement compared to H2-22

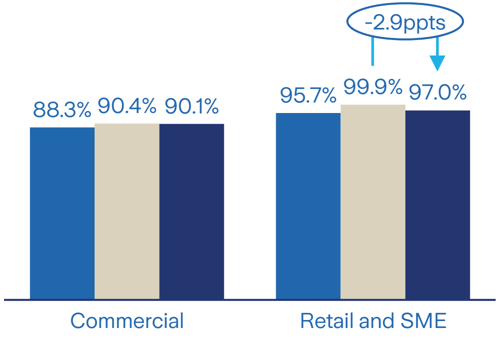
AY combined ratio (CR) excl. catastrophes by region (%)



% of Group HY-23 Insurance revenue[1]	39%	46%	8%	7%

H1-22 H2-22 H1-23

AY CR excl. catastrophes by customer unit (%)[1]



Commercial	Retail and SME
65%	35%

H1-22 H2-22 H1-23

[1] Excluding Group Reinsurance and Eliminations.

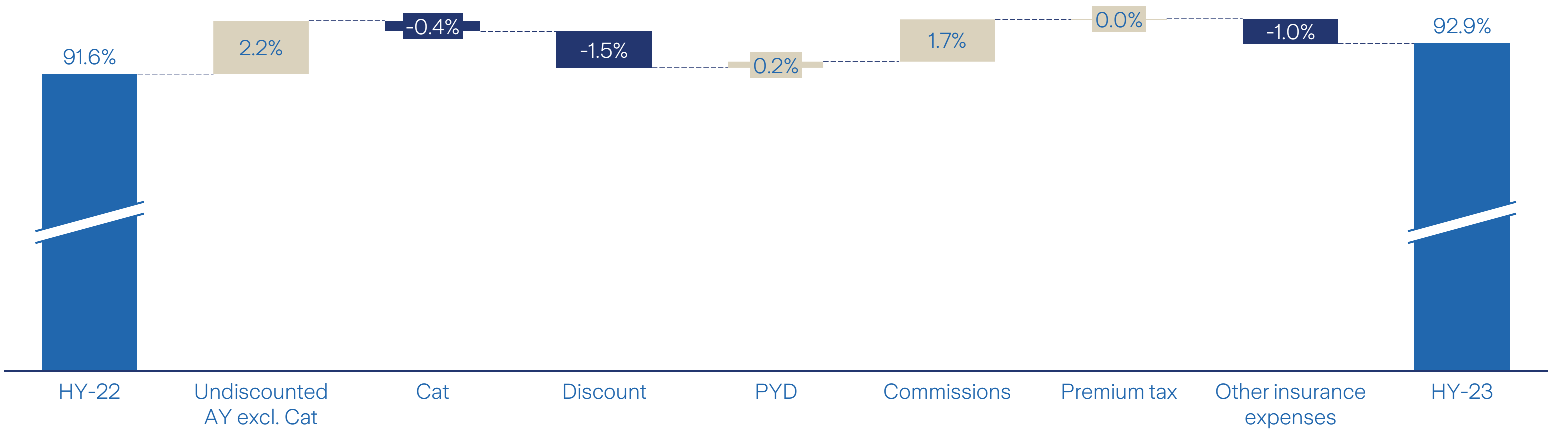
Commentary

- Following the first half / second half deterioration in 2022, there has been a sequential improvement of the accident year combined ratio ex-catastrophes from H2-22 to H1-23.
- In **EMEA**, the accident year combined ratio ex-catastrophes deteriorated 1.0 percentage points compared to a favorable prior year performance mainly due to an uptick in loss experience.
- In **North America**, the accident year combined ratio ex-catastrophes deteriorated 2.0 percentage points compared to prior year but maintains a very attractive level of 89.8%.
- The **Asia Pacific** accident year combined ratio ex-catastrophes deteriorated 4.1 percentage points compared to prior year mainly driven by an increase in the commission ratio reflecting the impact of recovering travel business sales.
- In **Latin America**, the accident year combined ratio ex-catastrophes improved 1.8 percentage points compared to the previous year mainly due to an improved loss experience.

- The **Commercial Insurance** accident year combined ratio ex-catastrophes increased 1.8 percentage points compared to prior year but remains at a very attractive level of 90.1%.
- For the **Retail and SME** business, the accident year combined ratio excluding catastrophes of 97.0% was 1.4 percentage points higher than in the previous year but represents an improvement compared to the H2-22 ratio of 99.9%.

Combined ratio remains strong, but impacted by conservative loss cost assumptions and mix-driven higher commissions

P&C combined ratio walk (%)

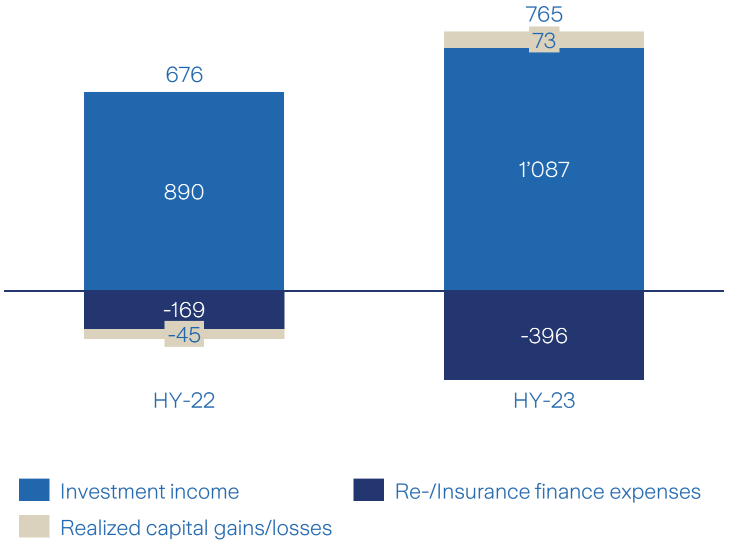


Commentary

- HY-23 **P&C combined ratio** of 92.9% increased 1.3 percentage points compared to the prior year period driven by a 0.5 percentage point increase of the loss ratio and a 0.8 percentage point increase of the expense ratio.
- The reported **loss ratio** rose by 0.5 percentage points to 64.1%. The **undiscounted accident year loss ratio excl. Cat** increased by 2.2 percentage points.
- **Natural catastrophe and weather-related losses** totaled 1.8% compared to a catastrophe loss ratio of 2.2% in the prior year period.
- **Prior year development** of 1.5% was well within the indicated 1-2% range. All regions experienced favorable development.
- The **expense ratio** of 28.8% was 0.8 percentage points higher than in the previous year, mainly driven by an increase in commissions partially offset by a reduction in other insurance expenses.

P&C investment result benefits from increase in reinvestment yields, partially offset by a higher unwind of discount

Investment result in BOP (USDm)



Investment income yield of Group investments (%)[1]

	HY-22	HY-23
Book yield[2]	2.4%	3.1%
Reinvestment yield[2]	2.9%	4.9%

Insurance finance expense (% of liabilities for incurred claims)[3]

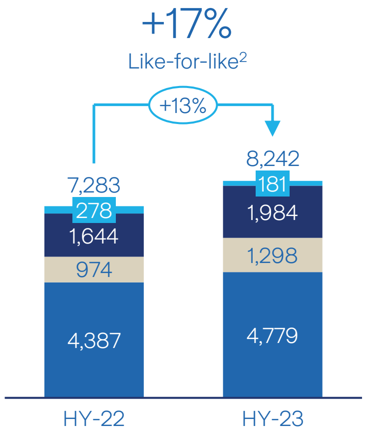
1 Net of investment expenses. Investment income yield calculated based on average Group Investments (accounting view) during the period on an annual basis.
2 Book yield calculated as weighted-average portfolio yield of debt securities during the period on an annual basis. Reinvestment yield calculated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

Commentary

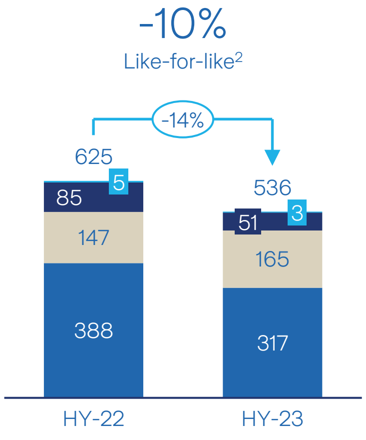
- **Net investment result** in HY-23 increased 13% compared to the previous year as higher investment income and realized capital gains outpaced the increase of the unwind of discount.
- **Investment income** was up 22% (USD 197m) compared to the prior-year period, driven by improving investment yields.
- **Realized capital gains** in BOP of USD 73m were driven by an appreciation of the market value of the hedge fund portfolio in the first half of 2023 compared to a loss of USD 45m in the prior year period.
- This was partially offset by an increase in the **insurance finance expenses** of USD 227m compared to the previous year due to an increase of the unwind of discount.
- The book yield for debt securities rose to 3.1% as **reinvestment rates** on debt securities increased by 2.0 percentage points to 4.9% driven by favorable evolution of market rates.

Higher new business and top-line in Life, lower new business CSM driven by less favorable mix

Long term insurance[1]



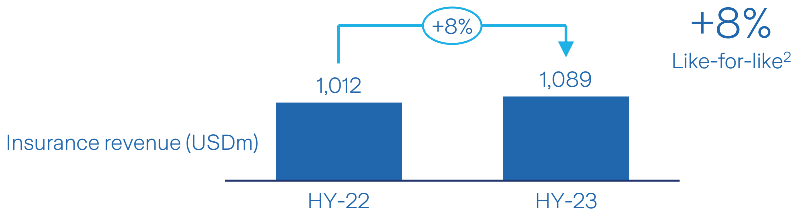
Present value of new business premiums (PVNBP) (USDm)



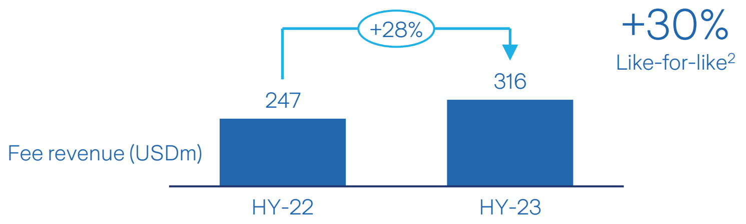
New business contractual service margin (NB CSM) (USDm)

EMEA | Asia Pacific | Latin America | Other[3]

Short term insurance[1]



Investment contracts[1]



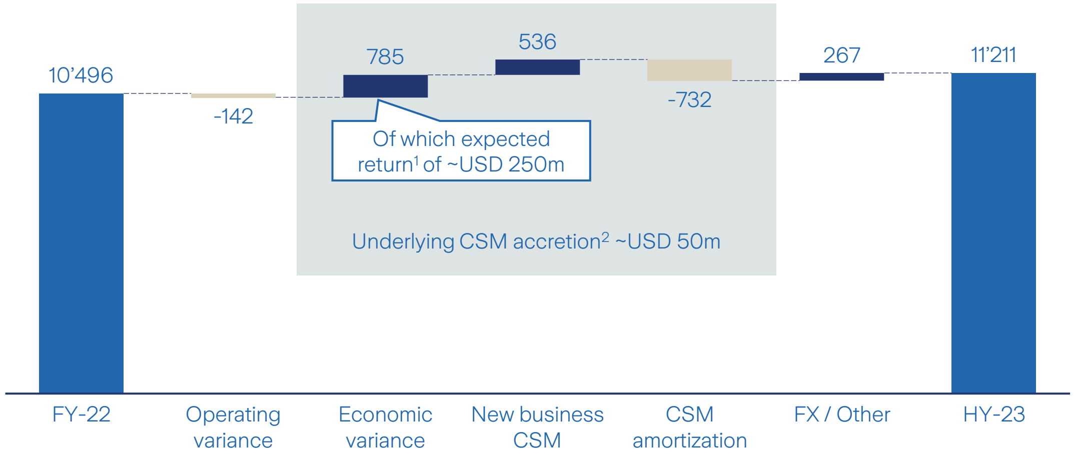
1 Long term insurance includes participating and non-participating contracts accounted for under the Building Block Approach (BBA) and Variable Fee Approach (VFA). Short-term insurance includes non-participating contracts accounted for under the Premium Allocation Approach (PAA). Investment contracts include contracts which are accounted for under IFRS 9.
2 In local currencies and adjusted for acquisitions and disposals.
3 Other includes North America, Group Reinsurance and Eliminations.

Commentary

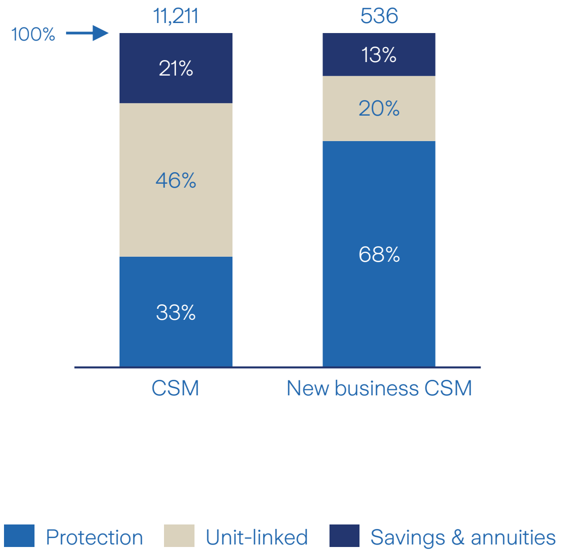
- In the first half, **PVNBP** increased 13% in USD terms, and 17% on a like-for-like basis. Growth in local currencies was partially offset by the appreciation of the U.S. dollar against major currencies.
- In **EMEA**, PVNBP grew 11% on a like-for-like basis, compared with the same period in 2022. This growth reflects large sales volumes of a retail savings product in Spain, written by the Group's joint venture with Banco Sabadell. This more than offset the adverse impact of lower sales volumes in Italy and Switzerland and higher discount rates in the region.
- In **North America**, new business premiums were 35% lower on a like-for-like basis compared with the prior-year period, driven by lower sales in the corporate business.
- In **Asia Pacific**, new business premiums grew 43% on a like-for-like basis. This was driven by higher protection sales in Japan, which rebounded from a low level in the prior year.
- In **Latin America**, new business premiums increased 27% on a like-for-like basis, benefiting from higher sales in Brazil through the Group's joint venture with Banco Santander.
- New business written in HY-23 added USD 536 million of contractual service margin (CSM). **New business CSM** was 10% lower on a like-for-like basis compared with HY-22. This was due to a reduced **new business margin** of 6.5% in HY-23 compared with 8.6% in the prior-year period. The reduction was mainly driven by a less favorable business mix.
- **Insurance revenues** for short-term life insurance, which is mainly related to the protection business in Latin America, grew 8% on a like-for-like basis. **Fee revenues** for investment contracts, which are mainly written in EMEA, grew 30% on a like-for-like basis compared with the prior year, which was affected by negative market performance.

CSM up 7% driven by underlying accretion, favorable economic variances and FX

CSM walk (USDm)



HY-23 line of business split (USDm)



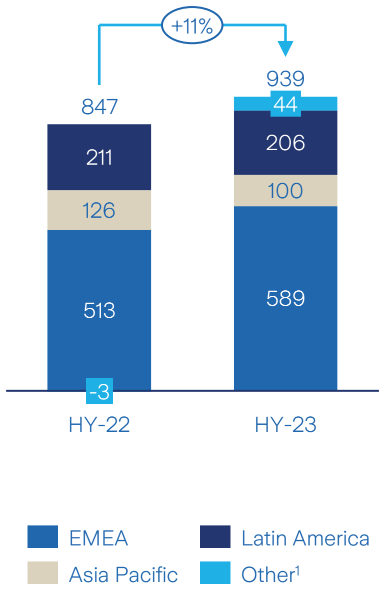
[1] Discount unwind and contribution of expected realization of real-world excess-return over discount rates.
[2] Sum of expected return, new business CSM and CSM amortization.

Commentary

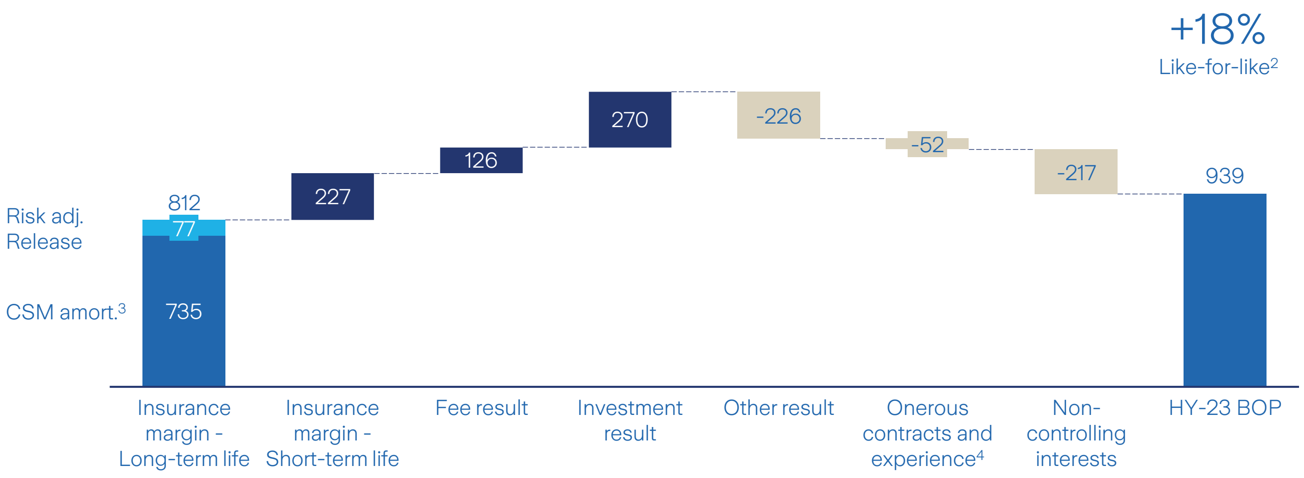
- The **Contractual Service Margin (CSM)** of the Life business increased 7% in HY-23, driven by a combination of favorable economic variances, FX movement, and underlying CSM accretion.
- **Operating variances** reduced CSM by USD 142m in HY-23 mainly driven by model refinements in Germany.
- **Economic variances** added USD 785m mainly driven by the impact of non-recurring changes to the yield curve derivation in Switzerland, and approximately USD 250m of **expected return** from in-force business, of which ~2/3 related to discount unwind and ~1/3 to contribution of excess return over discount rates.
- **New business** added USD 536m of CSM, with protection and unit-linked contributing 68% and 20% of the total respectively. New business CSM was impacted by higher interest rates, market volatility and weaker macro-economic conditions in the first half.
- **Amortization** into the P&L reduced CSM by USD 732m. This reflects a CSM amortization rate broadly in line with FY-22.
- **Underlying CSM accretion**, which results from the combination of new business CSM, expected return from in-force and CSM amortization, was moderately positive in HY-23 (~USD 50m) despite unfavorable market conditions for new business.
- **FX and other movements** increased CSM by USD 267m, due to the depreciation of U.S. dollar relative to other major currencies between December 31, 2022 and June 30, 2023.

Life BOP up 11% driven by higher fee result, CSM amortization and more favorable experience

BOP by region (USDm)



BOP by component (USDm)



	Insurance margin - Long-term life	Insurance margin - Short-term life	Fee result	Investment result	Other result	Onerous contracts and experience[4]	Non-controlling interests	HY-23 BOP
Δ Y-o-Y (USDm)	44	-3	85	-46	10	34	-32	91

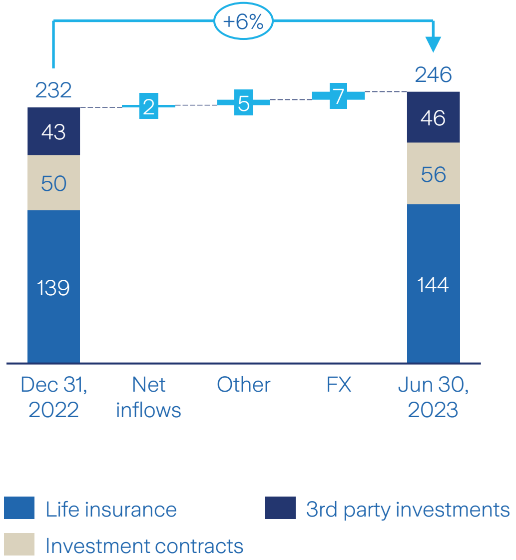
1 Includes North America and Group Reinsurance.
2 In local currency and after adjusting for acquisitions and disposals.
3 Includes USD 3m adjustment related to Argentina hyperinflation (USD 10m in HY-22).
4 Includes the net impact of onerous contracts, experience adjustments and income tax expense or benefit attributable to policyholders.

Commentary

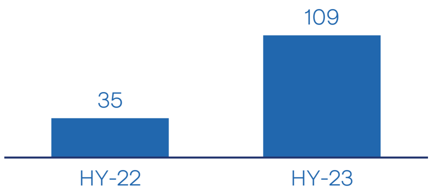
- In the first half, the **Group's Life** business generated BOP of USD 939m, 11% higher than in the prior year in USD terms. BOP did not include the contribution of the German and Chilean back books which have been accounted for as held for sale. On a like-for-like basis, BOP increased by 18%, with growth in local currencies partially offset by the appreciation of the U.S. dollar against major currencies. HY-22 comparatives include a few one-offs and transition related impacts which affect individual P&L items, however these mostly offset each other at BOP level.
- Insurance margin for long-term insurance contracts increased by USD 44m driven by higher **CSM amortization**, partially offset by lower **release of risk adjustment**. This reflects the impact of CSM growth and transition related adjustments.
- Insurance margin for **short-term insurance contracts** was in line with the prior year level. As previously indicated, the HY-22 comparative was somewhat inflated by a delayed claims recognition into H2-22, while HY-23 benefited from revenue growth and favorable claims experience.
- **Fee result**, which is predominantly driven by investment contracts written in EMEA, added USD 126m of BOP in HY-23. Strong year on year increase reflects a number of unfavorable impacts in the prior year which were offset in other P&L items, while the underlying performance was broadly in line year on year.
- **Net investment result** added USD 270m of BOP in HY-23, USD 46m below prior year which benefited from a gain related to a hedging program implemented on an IFRS 4 basis. The year on year comparison is also affected by a reclassification of certain items between investment result and fee result.
- **Other result** reduced HY-23 BOP by USD 226m, mainly driven by non-qualifying expenses.
- The impact of **onerous contracts, experience adjustments** and **income tax expense (or benefit) attributable to policyholders** can be seen in conjunction and considered largely non-recurring. Favorable year on year comparison reflects primarily the adverse impact of onerous contracts in HY-22 which was driven by assumption changes in several markets.

Higher AUM benefit fee result; one-off movements in 2022 affect year on year comparison for fee and investment result

Assets under management (USDbn)

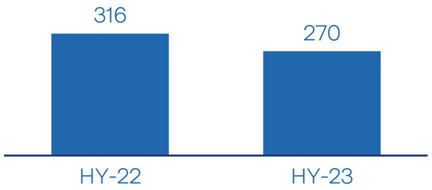


Fee result (USDm)[1]

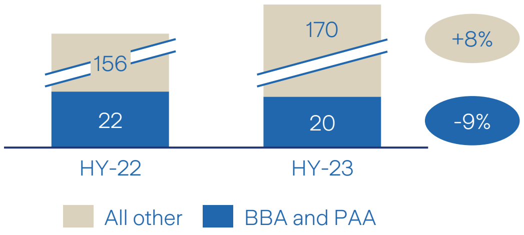


	HY-22	HY-23
Gross fee margin (%)[2]	0.49%	0.65%
Cost income ratio (%)	86%	66%
Net fee margin (%)[2]	0.07%	0.22%

Net investment result (USDm)



HY-23 reserves and liabilities by measurement model (USDbn, %)[3]



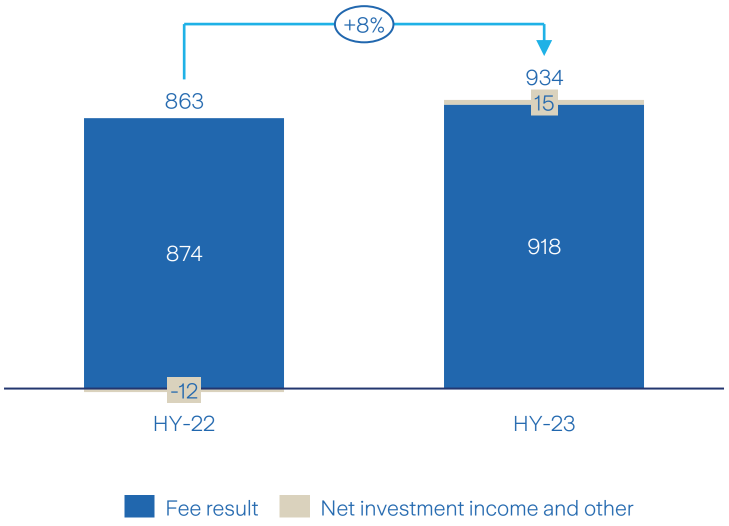
[1] Fee result related to investment contracts and 3rd party investments. Does not include USD 17m (USD 6m in HY-22) of fee result generated by life insurance businesses.
[2] Annualized and based on average AuM for investment contracts and 3rd party investments.
[3] BBA (building block approach) mainly applied to long-term non-participating and indirect participating business; PAA (premium allocation approach) applied to short-term non-participating contracts.

Commentary

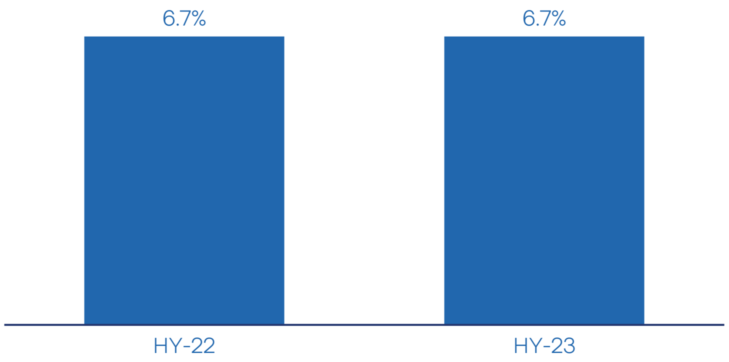
- In the Group's life business, **assets under management (AuM)** increased 6% in the first half, driven by a combination of positive net inflows, favorable market movements and FX. AuM for investment contracts and 3rd party investments, which are the key driver of fee result, grew by 9% in the same period.
- **Fee result** related to investment contracts and 3rd party investments grew to USD 109m in HY-23. The strong year on year increase primarily reflects a number of unfavorable impacts in the prior year which were offset in other P&L items, while the underlying performance was broadly in line year on year. These include a reclassification of certain items between investment result and fee result, as well as income and expenses with offsetting movements recorded in the policyholder tax line.
- **Life net investment result** is predominantly driven by businesses accounted for with the building block approach (BBA) and premium allocation approach (PAA), with Spain being the largest book. In HY-23, reserves accounted for with the BBA and PAA method were 9% lower than in the prior year, mainly due to the reclassification of the Chilean annuity book as held for sale.

Growth in Farmers Exchanges[1] premiums drives increase in FMS income; Managed GEP margin in line with prior year

Business operating profit (USDm)



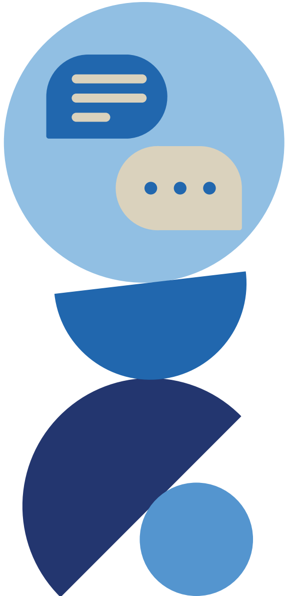
MGEP margin (%)[2]



[1] For all references to Farmers Exchanges see the disclaimer and cautionary statement.
[2] Margin on Gross Earned Premiums of the Farmers Exchanges.

Commentary

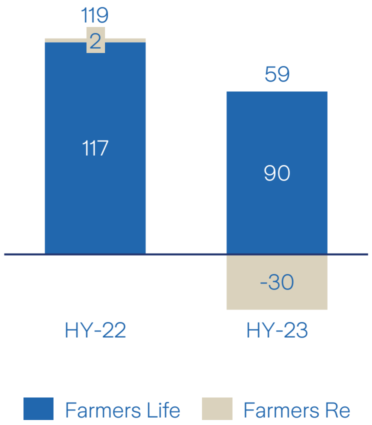
- **Farmers Management Services (FMS) BOP** increased 8% compared to the prior year. This was driven by the higher earned premium base of the Farmers Exchanges[1] (up 4% compared to HY-22), as well as favorable market impacts on investments backing employee benefit liabilities.
- The **Managed Gross Earned Premium (MGEP) margin** for the period was 6.7%, still reflecting the impact of integration costs related to the MetLife U.S. P&C business. By the end of the year, the MGEP margin is expected to return to the historical run-rate of 7.0% in-line with guidance.



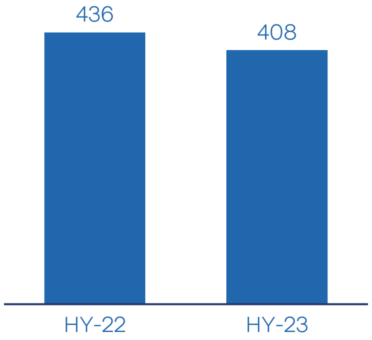
[1] For all references to Farmers Exchanges see the disclaimer and cautionary statement.

Farmers Life with improved new business metrics, BOP impacted by transaction costs related to announced transaction

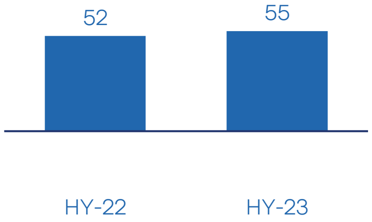
Business operating profit (USDm)



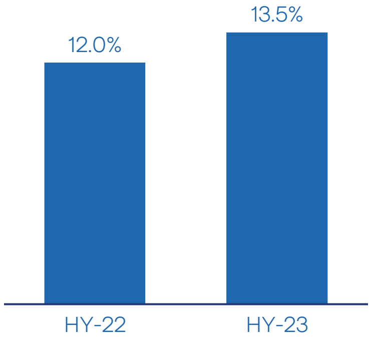
Farmers Life PVNBP (USDm)[1]



Farmers Life NB CSM (USDm)[1]



Farmers Life NBM (%)[1]

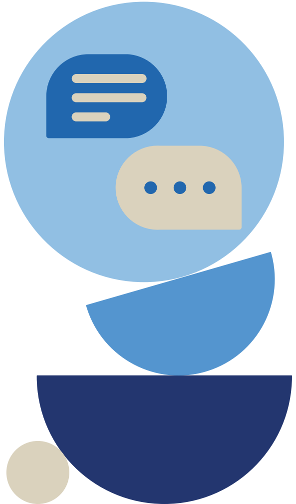


[1] Present value of new business premiums (PVNBP); new business contractual service margin (NB CSM) and new business margin (NBM).

ZURICH

Commentary

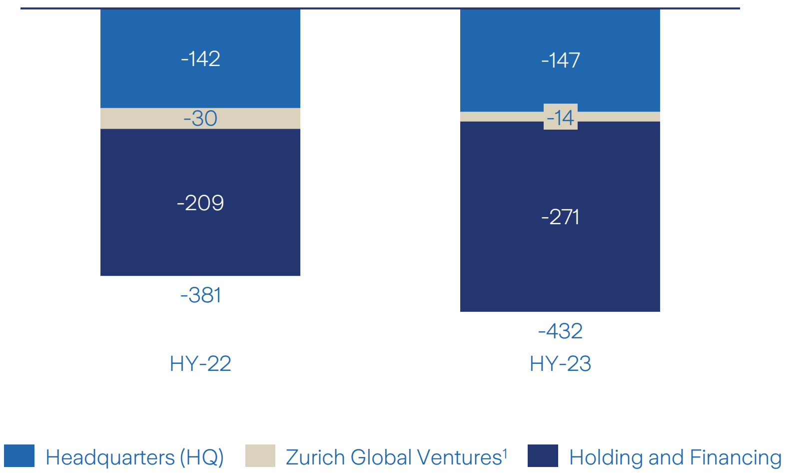
- **Farmers Life BOP** of USD 90m was 23% below the prior year, impacted by transaction costs related to the reinsurance agreement announced in May.
- **Farmers Life present value of new business premiums (PVNBP)** of USD 408m decreased 7% compared to prior year, mainly driven by an increase in interest rates used for discounting.
- **Farmers Life new business contractual service margin (NB CSM)** increased by 5% to USD 55 million, benefiting from strong sales as well as modelling changes. As a result, **new business margin** increased by 1.5 percentage points to 13.5%.
- **Farmers Re** reported a **BOP** loss of USD 30m driven by a higher combined ratio at a higher reinsurance participation percentage of 8.5% compared to 1.75% in the prior year. The increase in combined ratio was mainly driven by increased frequency of catastrophe losses at the Farmers Exchanges[1].



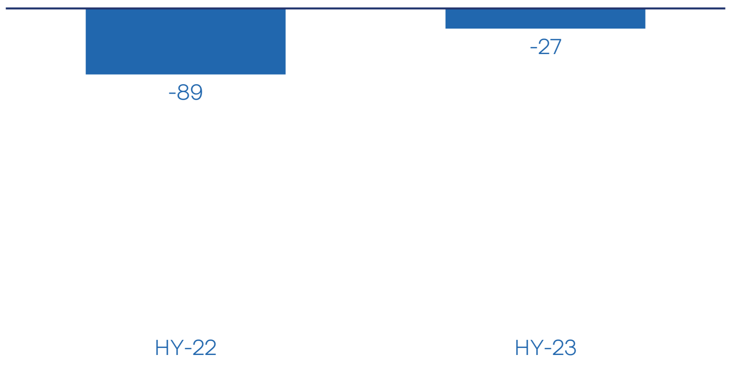
[1] For all references to Farmers Exchanges see the disclaimer and cautionary statement.

Group Functions impacted by higher interest rates; Non-Core Businesses with moderate operating loss

Group Functions and Operations BOP (USDm)



Non-Core Businesses BOP (USDm)



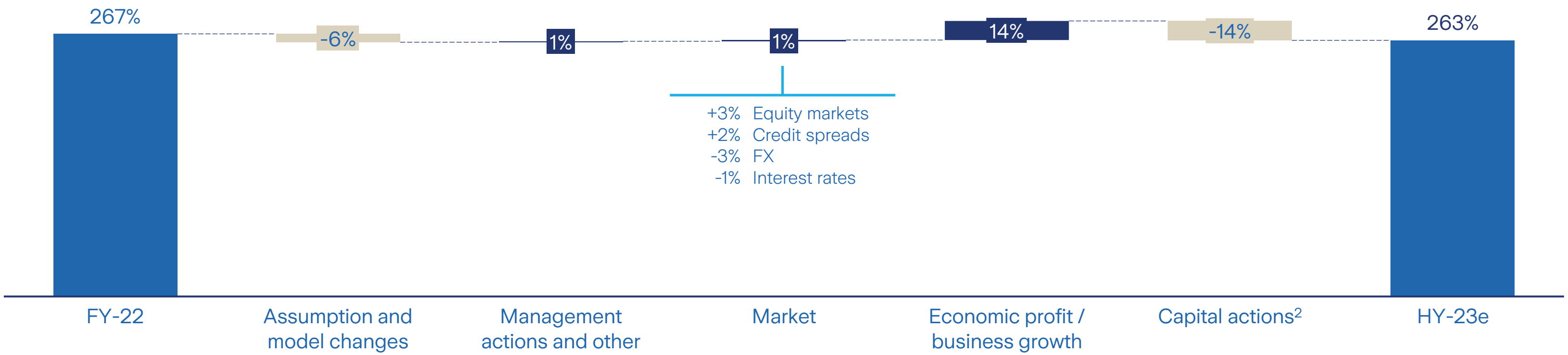
[1] Includes Zurich Global Employee Benefit Solutions, new ventures, and initiatives.

Commentary

- **Group Functions and Operations** reported net expenses of USD 432m compared to USD 381m in the prior-year period. The deterioration was mainly driven by the impact of higher interest rates in the Holding and Financing unit.
- The Group's **Non-Core Businesses**, which comprises run-off portfolios that are managed to proactively reduce risk and release capital, reported an operating loss of USD 27m for the first half of 2023, compared to a loss of USD 89m in in HY-22.

Very strong capital position with SST ratio at 263%

SST ratio (%)[1]

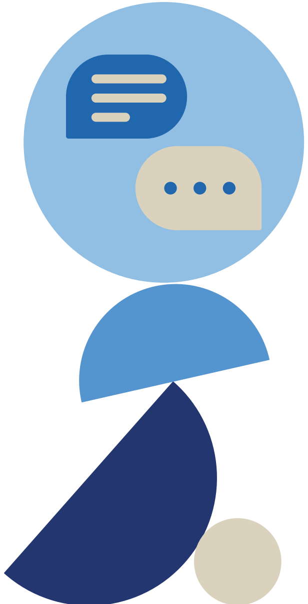


	FY-22	Assumption and model changes	Management actions and other	Market	Economic profit / business growth	Capital actions[2]	HY-23e
AFR (USDbn)[1]	42.5	-0.2	0.2	0.9	2.8	-2.1	44.0
TC incl. MVM (USDbn)[1]	18.7	0.2	0.1	0.3	0.3	0.0	19.6

[1] On Swiss Solvency Test (SST) see footnote on page 4. SST ratio is defined as: (AFR – MVM) / (TC – MVM). AFR = Available financial resources; TC = Target capital; MVM = Market value margin (HY-23e: USD 4.5bn; FY-22: USD 4.5bn).
[2] Capital actions include dividend payment.

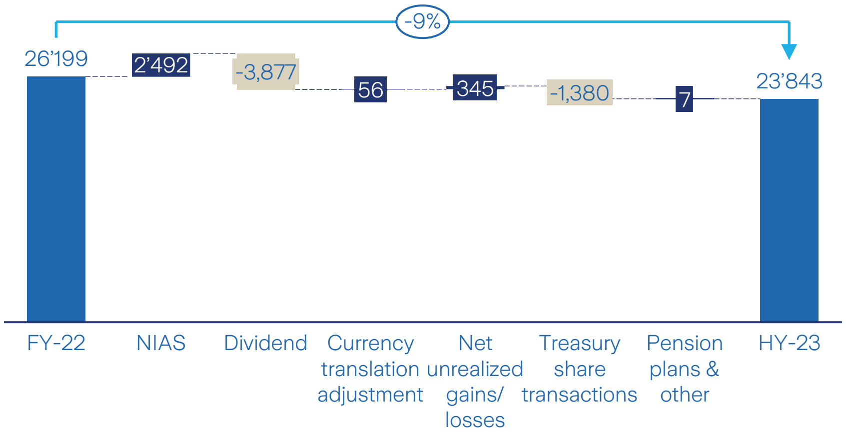
Commentary

- As of June 30, 2023, the Group’s **Swiss Solvency Test (SST) ratio** based on the Group's Internal Model as approved by the Swiss Financial Market Supervisory Authority FINMA was estimated at 263%, well above the Group’s SST ratio target of 160% or above. The ratio does not reflect the impact of the announced sale of the German and Chilean back books, and of the reinsurance of Farmers Life’s in-force individual life business.
- **SST ratio was 5ppts lower than 267%** recorded as of January 1, 2023. The reduction was mainly driven by 6pts of unfavorable impact from assumption and model changes primarily related to the semi-annual Life replicating portfolio updates, while the contribution of economic profit was offset by dividend accrual and capital required for growth.
- A **5ppts improvement compared to the Q1-23 SST ratio of 258%** was driven by favorable market movements, mainly due to higher interest rates, positive equity market performance and a modest reduction of credit spreads.

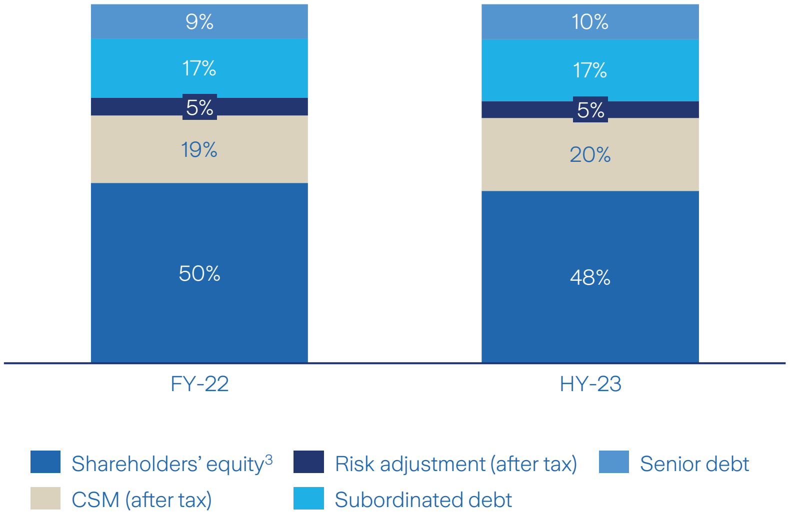


Shareholders' equity reduction driven by dividend payment and completion of the share buyback

Shareholders' equity (USDm)[1]



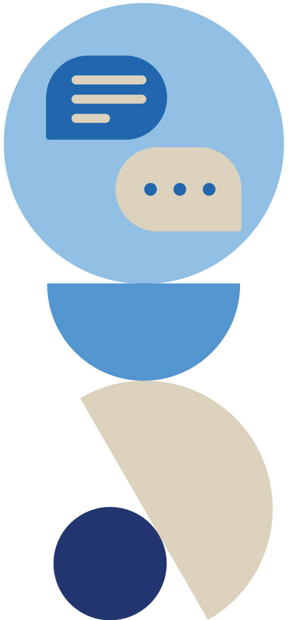
Capital structure (%)[2]



1 Includes effect of adoption of IFRS 9, IAS 29, and restatement under IFRIC 7 of USD 516m.
2 Based on IFRS balance sheet.
3 Including non-controlling interests.

Commentary

- **Shareholders' equity** declined by USD 2.4bn compared to year end 2022, mainly driven by the payment of the Group dividend of USD 3.9bn and completion of the share buyback program (further USD 0.4bn of shares repurchased in FY-22) which were partially offset by net income attributable to shareholders of USD 2.5bn.
- As a result, the proportion of shareholders' equity in the IFRS based **capital structure** reduced marginally to 48% and IFRS based leverage increased to 26.9% compared to 26.1% at FY-22.



Disclaimer and cautionary statement

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the Group). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn, in the financial services industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; (viii) increased litigation activity and regulatory actions; and (ix) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Specifically in relation with the COVID-19 related statements, such statements were made on the basis of circumstances prevailing at a certain time and on the basis of specific terms and conditions (in particular applicable exclusions) of insurance policies as written and interpreted by the Group and may be subject to regulatory, legislative, governmental and litigation-related developments affecting the extent of potential losses covered by a member of the Group or potentially exposing the Group to additional losses if terms or conditions are retroactively amended by way of legislative or regulatory action. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

All references to 'Farmers Exchanges' mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled interinsurance exchanges owned by their policyholders with governance oversight by their Boards of Governors. Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the three Exchanges and in that capacity provide certain non-claims services and ancillary services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

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

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.

ZURICH

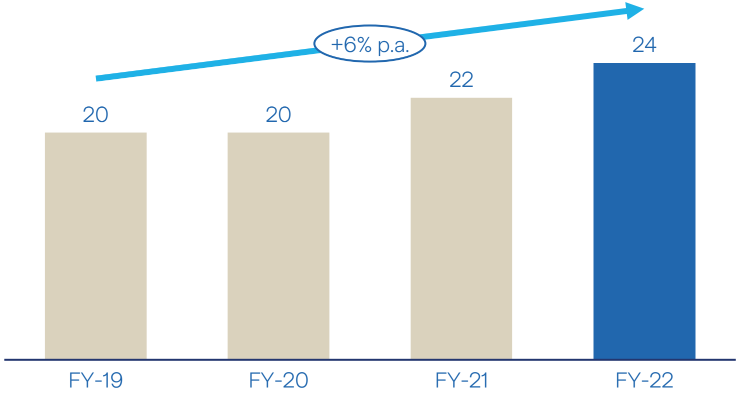
Appendix

We are focused on continuing to reward our shareholders

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)



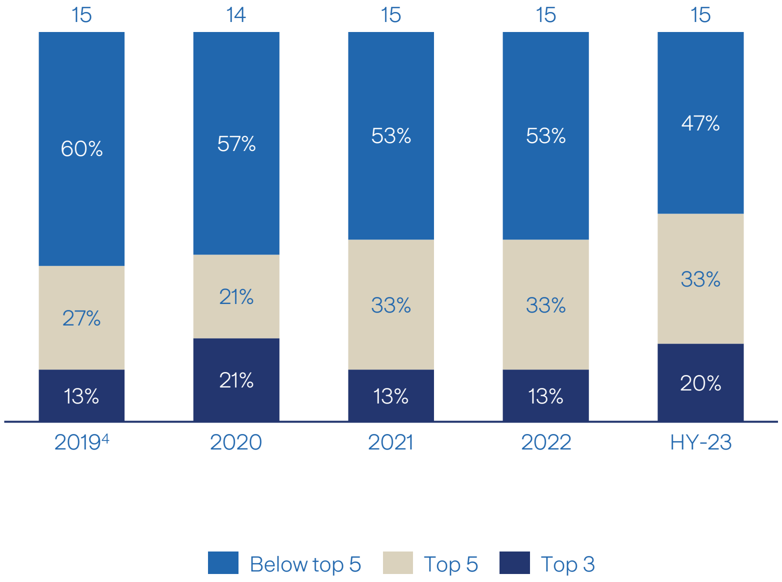
[1] The dividend is subject to the approval by the shareholders at the Annual General Meeting.
[2] Net income attributable to shareholders.

Update on customer satisfaction and brand consideration

tNPS HY-23 vs. FY-22[1]

Global	▲ +2.4 pts
EMEA	▲ +0.5pts
Asia Pacific	▲ +1.2pts
Latin America	▲ +3.0 pts
Farmers Exchanges[2]	▼ -6.3 pts

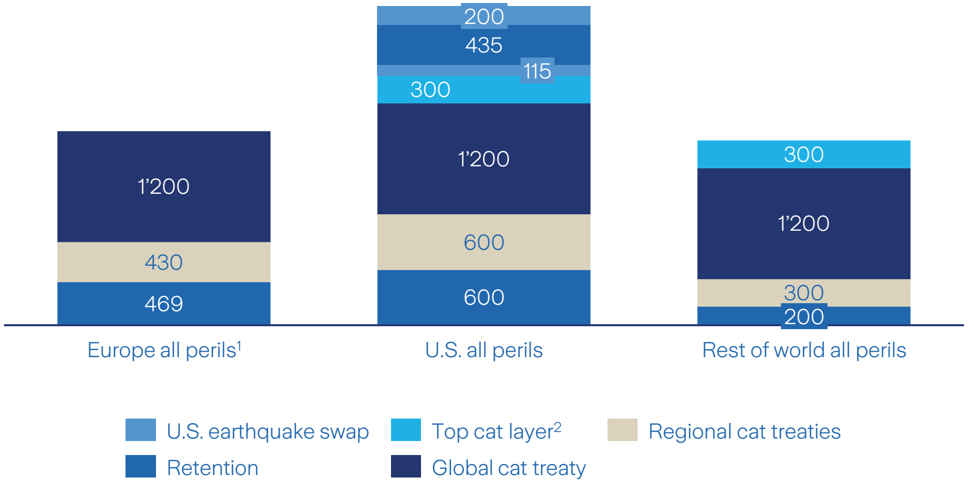
Brand consideration ranking[3]



[1] Transactional net promoter score (Retail & SME).
[2] For all references to Farmers Exchanges see the disclaimer and cautionary statement.
[3] Retail markets in scope: Argentina, Australia, Austria, Brazil, Germany, Hong Kong (excluding 2020), Ireland, Italy, Japan, Malaysia, Mexico, Portugal, Spain, Switzerland, UK.

Reinsurance program protecting our balance sheet

Group catastrophe reinsurance protection (USDm)



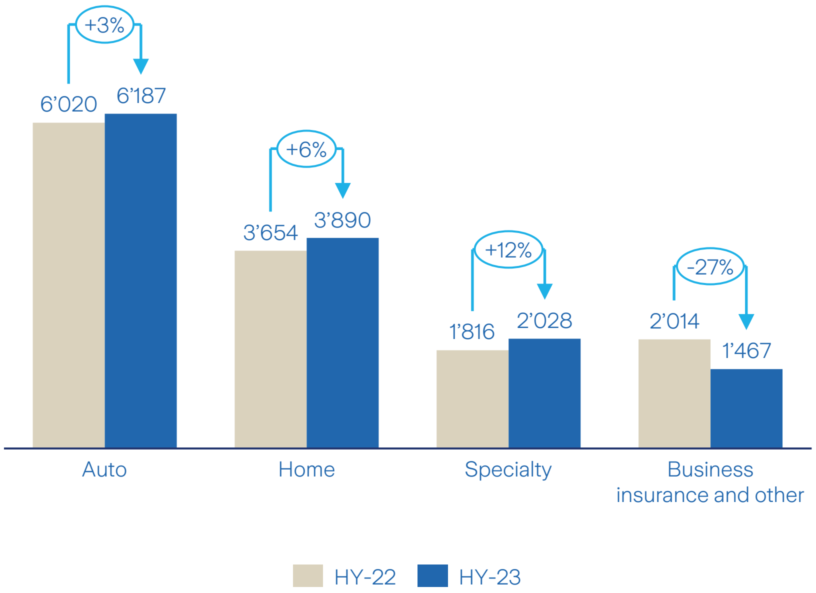
Main additional treaties

- Global property per risk
- Global surety excess of loss
- U.S. property quota share
- U.S. liability quota share

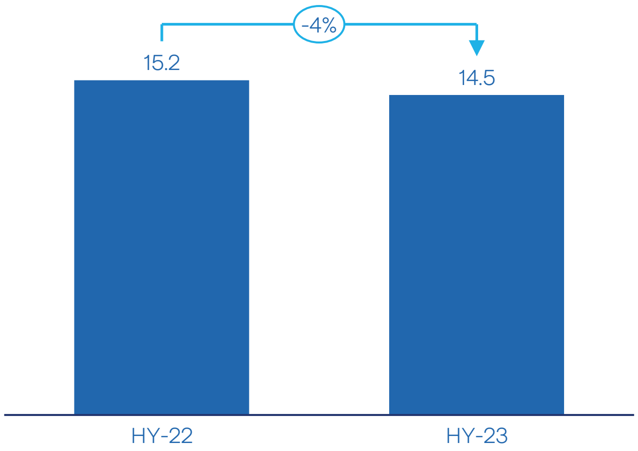
1 Europe cat treaty calculated with EUR/USD exchange rate of 1.10265 as of July 31, 2023 (EUR 390m in excess of EUR 425m).
2 Only relevant for U.S. named windstorms, U.S. earthquake, and Canada earthquake.

Continued pricing actions drive increase in premiums, while rate and non-rate actions adversely impact PIF

Gross written premiums (USDm)



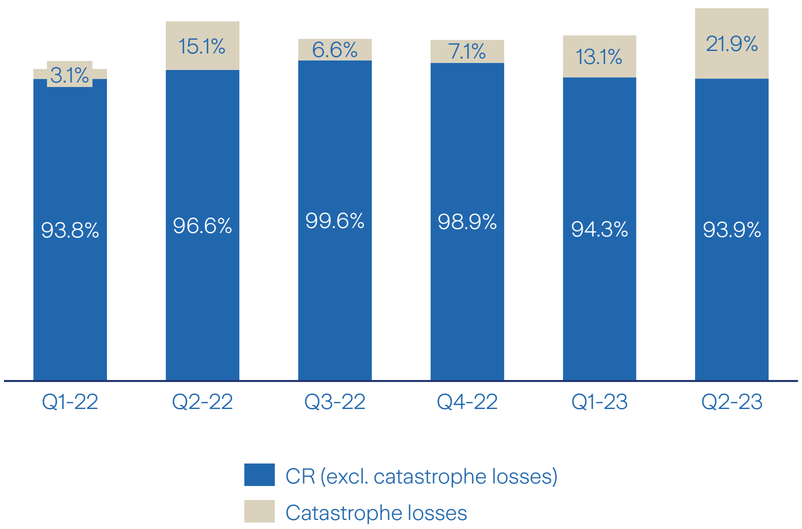
Policies-in-force (m)



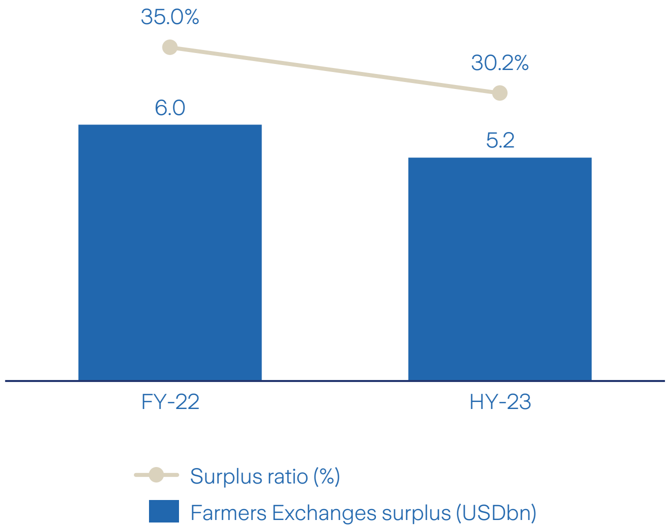
[1] For all references to Farmers Exchanges see the disclaimer and cautionary statement.

Farmers Exchanges experienced adverse Cat loss frequency, but remain focused on improving underwriting performance

Combined ratio (%)[2]



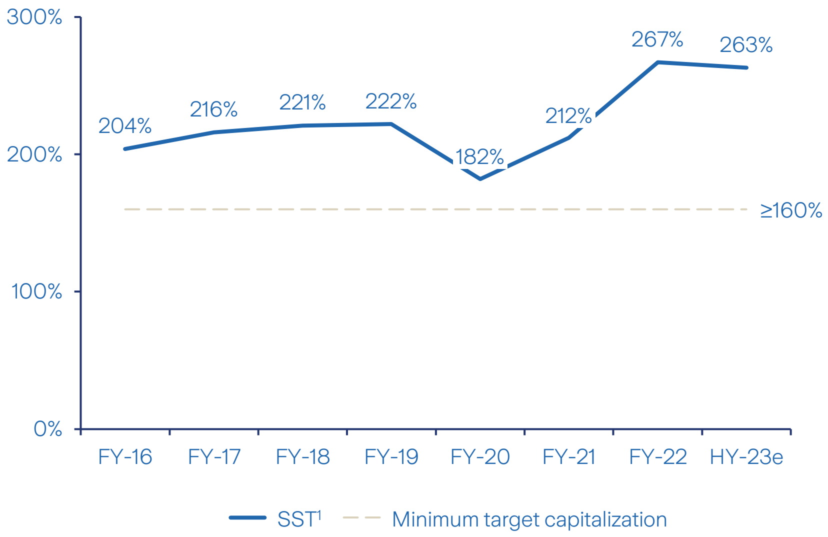
Surplus (USDbn, %)



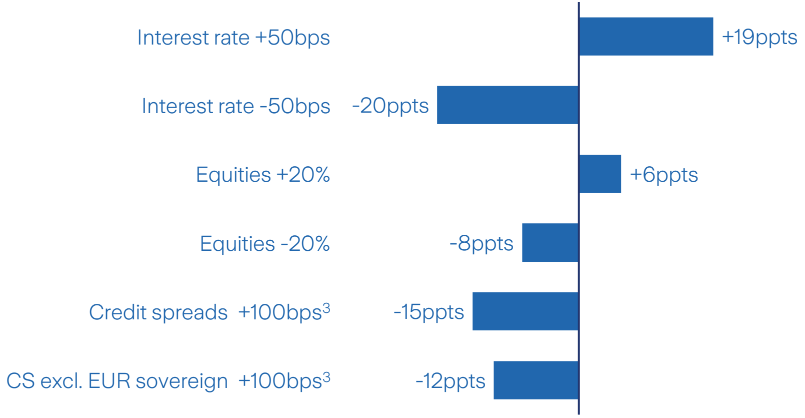
1 For all references to Farmers Exchanges see the disclaimer and cautionary statement.
2 Combined ratio before quota share reinsurance.

Very strong capital position; balance sheet resilient to market movements

Group Swiss Solvency Test (%)[1]



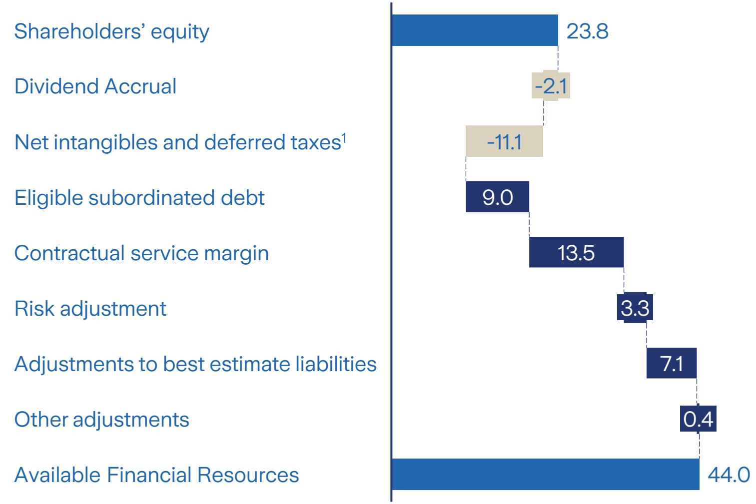
Q1-23 SST sensitivities impact (ppts)[2]



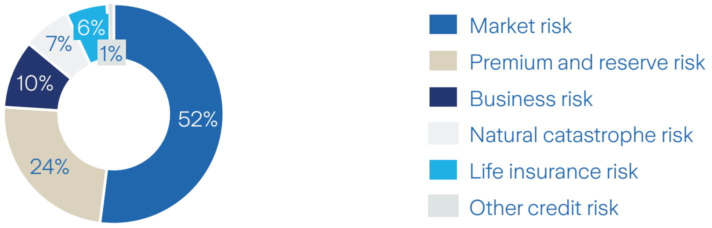
1 On Swiss Solvency Test (SST) see footnote on page 4.
2 Sensitivities are best estimates and reflect the impact on the pension plans in the UK. For the interest rate sensitivities, shocks are applied to the liquid part of the yield curve.
3 Credit Spreads (CS) include mortgages. CS sensitivities of available capital include changes to the volatility adjustment applied to interest rates curves.

Well diversified capital base by business segment

HY-23 Available Financial Resources (USDbn)



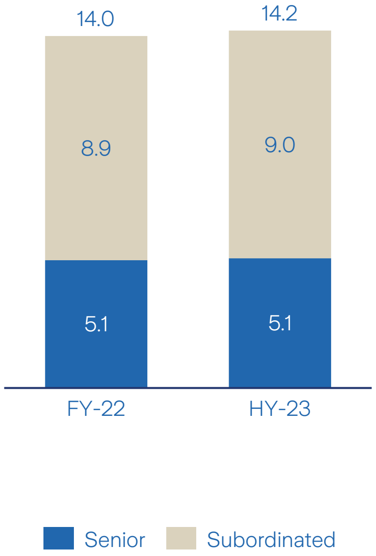
HY-23 Risk Capital Split (%)[2]



1 Net intangibles excluding insurance acquisition cash flows, gross of non-controlling interests.
2 Split is based on the contribution to the aggregated risk, excluding market value margin and other effects on target capital.
3 Includes Group Functions & Operations and Non-Core Businesses.

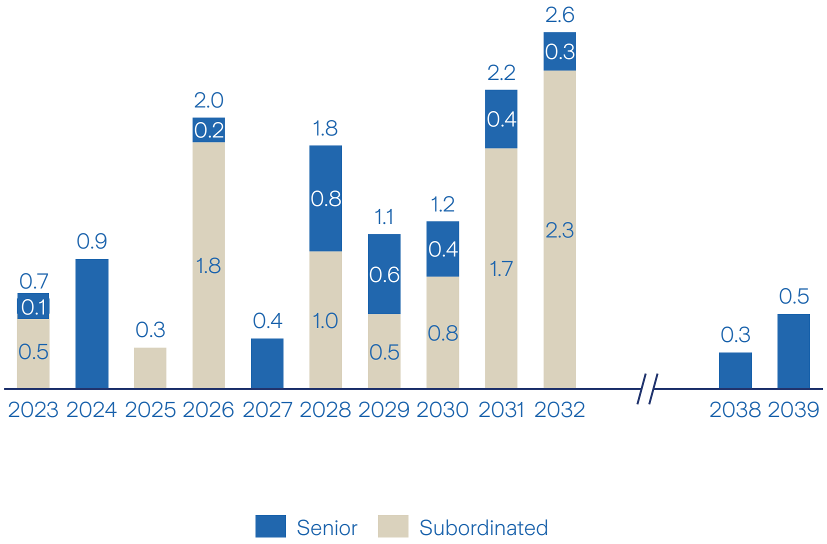
Low average debt cost and balanced maturity profile

Debt (USDbn) and average debt cost (%)



Average debt cost (%)	FY-22	FY-23e
Subordinated	3.8%	3.8%
Senior	1.6%	1.7%
Total	3.0%	3.0%

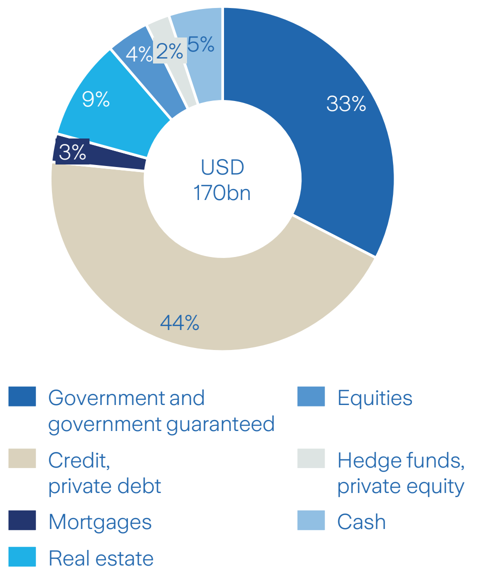
Balanced refinancing needs (USDbn)[1]



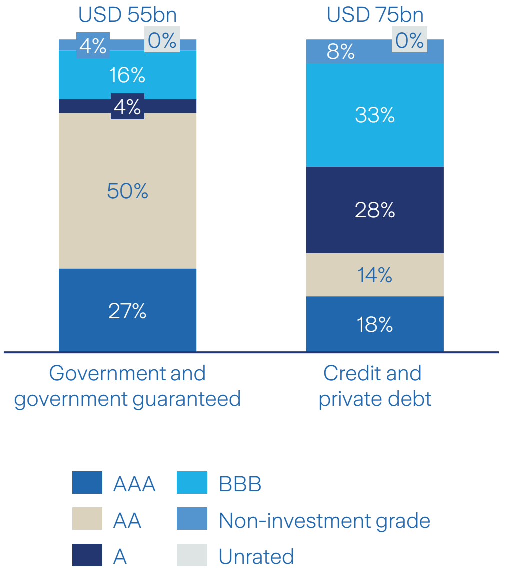
[1] Maturity profile based on first call date for subordinated debt and maturity date for senior debt, excluding commercial paper.

Well diversified and high-quality investment portfolio

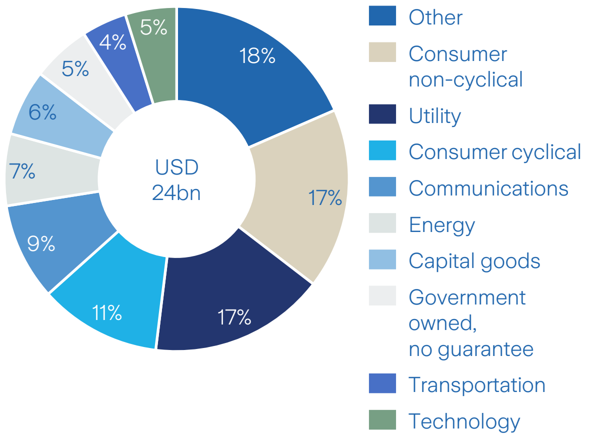
HY-23 Group investments (%)[1]



HY-23 asset quality (%)



HY-23 non-financial credit (%)

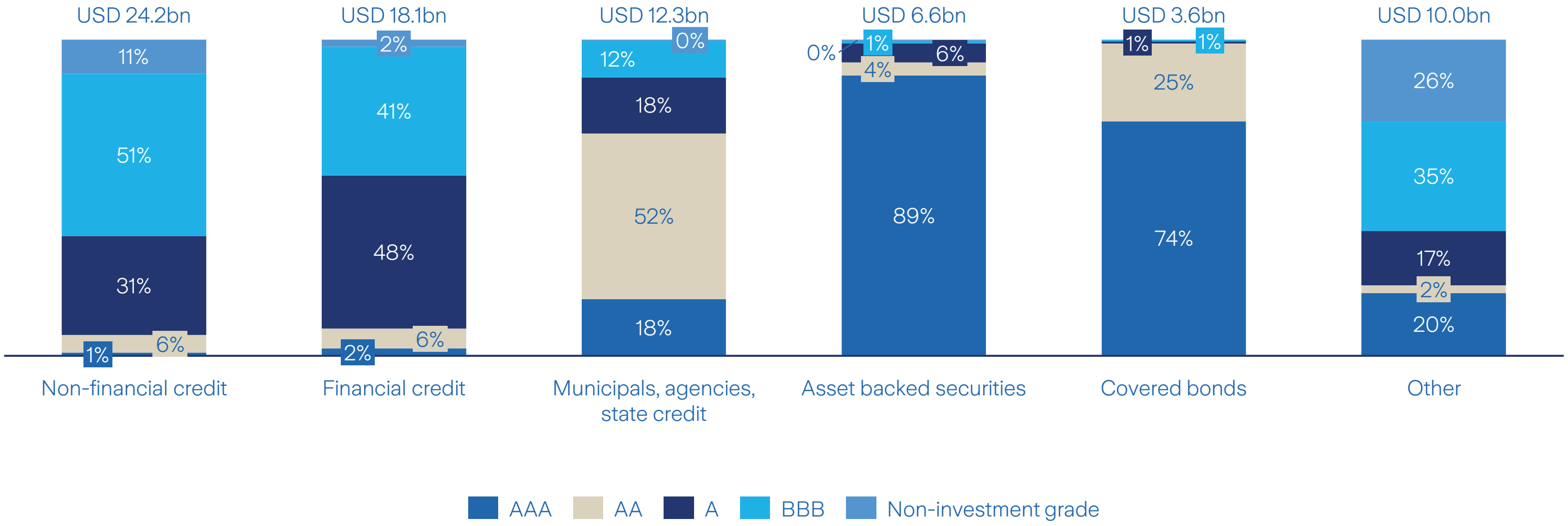


[1] Market value of the investment portfolio (economic view).

ZURICH

Well diversified and high-quality credit and private debt exposure

HY-23 rating of credit and private debt securities (%)



Calculation of like-for-like growth

Like-for-like growth

Business	KPI	HY-22 (USDm)			HY-23 (USDm)				L-F-L[2] (%)
		Rep	M&A	Adj	Rep	FX	M&A[1]	Adj[1]	
P&C	GWP	22,753	0	22,753	24,560	499	0	25,059	10%
P&C	Insurance revenue	18,648	0	18,648	20,163	360	0	20,523	10%
Life – long-term insurance	PVNBP	7,283	0	7,283	8,242	276	0	8,518	17%
Life – long term insurance	NB CSM	625	0	625	536	28	0	564	(10%)
Life – short term insurance	Insurance revenue	1,012	0	1,012	1,089	1	0	1,090	8%
Life – investment contracts	Fee revenue	247	0	247	316	5	0	321	30%
Life	BOP	847	0	847	939	48	10	997	18%

1 In constant rates.
2 Like-for-like.

Other information

For further information

Call us

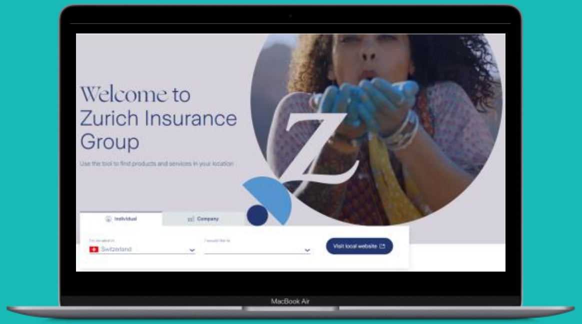
Investor Relations and Rating Agency Management

• Jon Hocking	+41 44 628 18 34
• Björn Bierfreund	+41 44 625 23 13
• Francesco Bonsante	+41 44 628 00 68
• Samuel Han	+41 44 625 32 57
• Michèle Matlock	+41 44 625 28 50

Events

• Patricia Heina	+41 44 625 38 44

Visit or follow us



[Investor Relations website]

[Financial results and reports]

Follow us on:

Thank you

Upcoming events

- November 9, 2023 – Update for the nine months ended September 30, 2023
- November 16, 2023 – Investor update 2023, London