

News Release

August 10, 2023

Ad hoc announcement pursuant to Art. 53 of the Listing Rules

Zurich reports 8% earnings per share growth in first half

- **Group business operating profit (BOP) of USD 3.7 billion, matching record H1-22 levels; highest ever return on equity (BOPAT ROE) at 22.9%**
- **Earnings per share grows 8% in USD; net income attributable to shareholders rises to USD 2.5 billion**
- **Strong top-line growth becomes more significant profit driver with Property & Casualty (P&C) GWP up 10% and Life new business premiums up 17% on a like-for-like basis¹**
- **P&C BOP strong at USD 2.2 billion, down 6% (underlying up 3%); combined ratio 92.9%**
- **Strong retail P&C margin improvement vs H2-22, rate increase in H1-23 of 4%; Commercial P&C rate increase at 7% (9% in North America, boosted by re-acceleration in Property)**
- **Life BOP rises 11% to USD 0.9 billion, up 18% on a like-for-like¹ basis**
- **Farmers BOP of USD 1.0 billion, 1% above the prior-year period; Farmers Exchanges² continues to focus on improving underwriting performance**
- **Very strong capital position with Swiss Solvency Test (SST) ratio at 263%³**

Zurich Insurance Group (Zurich) delivered strong results in the first six months of the year, matching operating profit at the record high reported in the first half 2022 and laying robust foundations for the 2023-2025 financial cycle.

Group Chief Executive Officer Mario Greco said: “Zurich has made a strong start to the new financial cycle. We have high expectations for the Group’s performance and we set targets accordingly. More importantly, we deliver.

“We’ve achieved a return on equity that’s among the highest in the industry, while minimizing volatility, maintaining a strong balance sheet and taking advantage of the growth opportunities available to us.

“Our 2023-2025 targets are our most ambitious yet, but our agility, flexibility and focus on delivering results make me confident that we will achieve them.”

Select financial highlights (unaudited)

(For a more comprehensive set of financial highlights see page 8)

| in USD millions, for the six months ended June 30, unless otherwise stated | 2023 | 2022⁴ | Change in USD⁵ |
|--|--------------|-------------------------|--------------------------------------|
| Business operating profit (BOP) | 3,720 | 3,738 | (0%) |
| Net income after tax attributable to shareholders (NIAS) | 2,492 | 2,344 | 6% |
| Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE) | 22.9% | 21.2% | 1.7pts |

Group business operating profit is at the same high level as in the prior year, with 3% growth when measured in local currencies. Net income after tax attributable to shareholders (NIAS) increased 6% to USD 2.5 billion compared with the prior-year period, mainly due to a more favorable net impact from capital gains and losses. NIAS also included USD 0.1 billion of costs incurred related to the repurposing of some of Zurich's own use real estate portfolio.

P&C BOP of USD 2.2 billion saw a 6% reduction year on year. Adjusting for currency movements and the non recurrence of a one-off gain in prior year, BOP rose 3%, supported by higher net investment income. The combined ratio was 92.9%.

In P&C Commercial Insurance, rates increased 7% in the first six months of the year, with increases in North America at 9%, driven by further acceleration in the Property portfolio. P&C retail improved its profitability in the first half compared with the second half of 2022, thanks to pricing actions taken last year as well as additional premium rate increases of 4% in the first half of 2023. The Group anticipates these effects to continue through the second half of 2023 and beyond. Farmers Exchanges² and Farmers Management Services are expected to benefit from similar trends, with rate increases also driving growth.

Life BOP rose 11% to USD 0.9 billion. On a like-for-like basis,¹ it increased 18%, with growth in EMEA, North America and Latin America more than compensating for a reduction in Asia Pacific.

Farmers BOP rose 1% to USD 1.0 billion compared with the prior year, driven by an increase in fee income at Farmers Management Services. This was partially offset by the impact of transaction costs at Farmers Life as well as the underwriting loss in Farmers Re following elevated catastrophe losses at the Farmers Exchanges.²

Business performance

Property & Casualty

| in USD millions, for the six months ended June 30, unless otherwise stated | 2023 | 2022 ⁴ | Change in USD ⁵ | Change like-for- like ^{1,5} |
|---|--------|-------------------|-------------------------------|--|
| P&C business operating profit (BOP) | 2,247 | 2,379 | (6%) | (2%) |
| P&C gross written premium and policy fees | 24,560 | 22,753 | 8% | 10% |
| P&C insurance revenue | 20,163 | 18,648 | 8% | 10% |
| P&C combined ratio | 92.9% | 91.6% | (1.3pts) | |

- **Property & Casualty (P&C) business operating profit down 6% to USD 2,247 million, driven by currency effects and the absence of a one-off gain in the prior year while maintaining a strong combined ratio**

P&C business operating profit (BOP) of USD 2,247 million was 6% lower than in the previous year. In local currency, first half P&C BOP was 2% lower than in the previous year, driven by a higher combined ratio and the absence of a non-recurring gain from a real estate transaction in the prior year. This was partially offset by an improved investment result.

The combined ratio increased 1.3 percentage points year over year to 92.9% as the Group continues to maintain a cautious approach to reserving to minimize volatility.

Retail P&C saw a material improvement in margins in the first half of 2023 compared with the second half of 2022, with the accident year combined ratio (excluding catastrophes) improving by 2.9 points to 97.0%. Commercial P&C maintained strong returns with an accident year combined ratio (excluding catastrophes) of 90.1%, compared with 90.4% in the second half of 2022.

Gross written premiums grew 10% on a like-for-like¹ basis, adjusting for currency movements, with growth in both retail and commercial insurance across all regions. In EMEA, growth was driven by a strong performance across the region, particularly in UK, Switzerland, Germany and Italy. North America continued to benefit from higher rates, particularly in property and motor lines. Asia Pacific saw a strong recovery in the travel insurance business and growth in the retail motor business while Latin America showed strong commercial growth and increased retail sales across the region. In U.S. dollars, the Group's gross written premiums rose 8%.

The Group achieved price increases of about 6% in the first half of the year, supported by a commercial insurance rate change of 7% and a recovery in the retail business.

Life

| in USD millions, for the six months ended June 30 unless otherwise stated | 2023 | 2022 ⁴ | Change in USD ⁵ | Change like-for- like ^{1,5} |
|--|-------|-------------------|-------------------------------|--|
| Life business operating profit (BOP) | 939 | 847 | 11% | 18% |
| Life present value of new business premiums (PVNBP) | 8,242 | 7,283 | 13% | 17% |
| Life new business contractual service margin (NB CSM) | 536 | 625 | (14%) | (10%) |
| Life insurance revenue, short-term contracts | 1,089 | 1,012 | 8% | 8% |
| Life fee revenue, investment contracts | 316 | 247 | 28% | 30% |

- **Life BOP rises 11% to USD 939 million; new business premiums up 13% to USD 8,242 million**

The Group's Life business delivered a strong performance during the first half of the year, with growth in BOP and new business premiums.

In the first half of the year, life insurance new business premiums increased 13% in U.S. dollar terms and 17% on a like-for-like¹ basis. Growth was mainly driven by retail savings sales in Spain, protection sales in Japan, which rebounded from a low level in the prior year, and higher sales in Brazil through the Group's joint venture with Banco Santander. New business written in the first half added USD 536 million to the contractual service margin (CSM), 14% less than in the prior year due to lower new business margin, mainly reflecting a less favorable business mix.

Short-term insurance contracts, predominantly related to the Latin America protection business, generated USD 1,089 million of insurance revenue in the first half, up 8% year on year. Fee revenue generated by investment contracts, which are mainly written in EMEA, grew 28% to USD 316 million.

First-half BOP of USD 939 million was up 11% compared with the prior-year period, despite U.S. dollar appreciation against other major currencies. On a like-for-like¹ basis, Life BOP improved by 18%. The improvement was driven by profitable growth in Latin America, favorable experience in North America, as well as increased BOP in Europe, Middle East & Africa (EMEA) due to higher CSM amortization, strong fee result, and the non-recurrence of transition adjustments seen in 2022. This more than compensated for a reduction in Asia Pacific's BOP, which was affected by an unfavorable year-on-year fluctuation in claims experience.

Farmers

| in USD millions, for the six months ended June 30 unless otherwise stated | 2023 | 2022 ⁴ | Change in USD ⁵ |
|--|--------|-------------------|-------------------------------|
| Farmers Exchanges² | | | |
| Gross written premiums | 13,572 | 13,503 | 1% |
| Gross earned premiums | 13,101 | 12,642 | 4% |
| Combined ratio | 111.6% | 104.4% | (7.2pts) |
| Surplus ratio ⁶ | 30.2% | 35.0% | (4.8pts) |
| Farmers | | | |
| Farmers business operating profit (BOP) | 993 | 982 | 1% |
| Farmers Management Services (FMS) fee income | 2,251 | 2,218 | 2% |
| Farmers Life present value of new business premiums (PVNBP) | 408 | 436 | (7%) |
| Farmers Life new business contractual service margin (NB CSM) | 55 | 52 | 5% |

- **Farmers BOP up 1% compared with prior year as increase in fee income at FMS offset by underwriting loss in Farmers Re and transaction costs in Farmers Life**

The Farmers Exchanges,² which are owned by their policyholders, reported gross written premiums growth of 1% in the first half of the year. The reduction in commercial rideshare business volumes in the first quarter dampened the benefit of increased rates following a continued focus on improving the underwriting performance. On an underlying basis, excluding the commercial ride share business, gross written premiums increased by 5%. Gross earned premiums increased by 4% over the same period.

Excluding catastrophe losses, the Farmers Exchanges² combined ratio improved 1.1 percentage points to 94.1%. The continued strong focus on pricing led to an earned rate impact of 12.5% for the period. The Farmers Exchanges² surplus ratio⁶ decreased to 30% as a consequence of the underwriting loss in the period, mainly due to an exceptional frequency of catastrophe losses.

Farmers Management Services (FMS) fee income rose 2% compared with the prior-year period, driven by the increase in gross earned premiums at the Farmers Exchanges.²

Farmers Life new business premiums decreased by 7% to USD 408 million compared with the prior year. This was mainly driven by the adverse impact of higher discount rates, which were only partially offset by higher sales volumes of the universal life

product. New business CSM increased by 5% to USD 55 million, benefiting from the strong sales as well as modeling changes.

Capital position

As of June 30, 2023, Zurich's Swiss Solvency Test (SST) ratio is estimated at 263%³ and remains well in excess of the Group's $\geq 160\%$ target level. This compares with 267% as of January 1, 2023. The reduction was driven by a modest negative impact from model and assumption updates.

¹ Like-for-like comparisons represent the change in local currencies and after adjusting for acquisitions and disposals.

² Zurich Insurance Group has no ownership interest in the Farmers Exchanges. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as its attorney-in-fact and receives fees for its services.

³ Estimated Swiss Solvency Test (SST) ratio as of June 30, 2023, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of January 1 has to be filed with FINMA by end of April each year and is subject to review by FINMA.

⁴ The comparative figures as presented in this news release have been restated for IFRS 17. The restatement does not apply to Farmers Exchanges' figures.

⁵ Parentheses around numbers represent an adverse variance.

⁶ Surplus ratio as of June 30, 2023, and December 31, 2022, respectively.

Upcoming events

- November 9, 2023: Update for the nine months ended September 30, 2023.
- November 16, 2023: Investor Update 2023 – London: Roundtable sessions with senior leadership from Farmers Group, Inc., Germany and Switzerland.

Appendix***IFRS 17 glossary***

Insurance revenue reflects the amount of premium Zurich is entitled to in exchange for insurance services provided in the period to its policyholders. For most P&C and short-term Life contracts, the insurance revenue is similar to gross earned premiums.

New business premiums (PVNBP) is calculated as the present value of new business premiums discounted at the risk-free rate, gross of reinsurance and before the effect of non-controlling interests.

Contractual service margin (CSM) is a separate component of insurance liability representing unearned profits from in-force Life contracts (excluding short-term and investment contracts), before the effect of non-controlling interests and taxes.

Further information about IFRS 17 at Zurich can be found [here](#).

Financial highlights (unaudited)

The following table presents the summarized consolidated results of the Group for the six months ended June 30, 2023, and June 30, 2022, and the financial position as of June 30, 2023, and June 30, 2022, respectively. All amounts are shown in U.S. dollars and rounded to the nearest million unless otherwise stated, with the consequence that the rounded amounts may not add up to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts. This document should be read in conjunction with other financial reports published by Zurich Insurance Group on zurich.com. In addition to the figures stated in accordance with International Financial Reporting Standards (IFRS), the Group uses business operating profit (BOP), new business measures and other performance indicators to enhance the understanding of its results. Details of these measures are set out in the separately published Glossary. These should be viewed as complementary to, and not as substitutes for the IFRS figures.

| in USD millions, for the six months ended June 30 unless otherwise stated | 2023 | 2022 ¹ | Change ² |
|--|---------|-------------------|---------------------|
| Business operating profit (BOP) | 3,720 | 3,738 | (0%) |
| Net income attributable to shareholders after tax | 2,492 | 2,344 | 6% |
| P&C business operating profit (BOP) | 2,247 | 2,379 | (6%) |
| P&C gross written premiums and policy fees | 24,560 | 22,753 | 8% |
| P&C insurance revenue | 20,163 | 18,648 | 8% |
| P&C combined ratio | 92.9% | 91.6% | (1.3pts) |
| Life business operating profit (BOP) | 939 | 847 | 11% |
| Life present value of new business premiums (PVNBP) | 8,242 | 7,283 | 13% |
| Life new business contractual service margin (NB CSM) | 536 | 625 | (14%) |
| Life insurance revenue, short-term contracts | 1,089 | 1,012 | 8% |
| Life fee revenue, investment contracts | 316 | 247 | 28% |
| Farmers business operating profit (BOP) | 993 | 982 | 1% |
| Farmers Management Services (FMS) fee income | 2,251 | 2,218 | 2% |
| Farmers Management Services managed gross earned premium (MGE) margin | 6.7% | 6.7% | 0.0pts |
| Farmers Life present value of new business premiums (PVNBP) | 408 | 436 | (7%) |
| Average Group investments ³ | 142,494 | 169,107 | (16%) |
| Net investment result on Group investments ³ | 2,569 | 770 | nm |
| Net investment return on Group investments ^{3,4} | 1.8% | 0.5% | 1.4pts |
| Total return on Group investments ^{3,4} | 2.7% | (10.8%) | 13.5pts |
| Shareholders' equity | 23,843 | 26,047 | (8%) |
| Swiss Solvency Test ⁵ | 263% | 267% | (5pts) |
| Diluted earnings per share (in CHF) | 15.47 | 14.79 | 5% |
| Book value per share (in CHF) | 147.17 | 167.24 | (12%) |
| Return on common shareholders' equity (ROE) ⁶ | 20.3% | 17.7% | 2.6pts |
| Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE) ⁶ | 22.9% | 21.2% | 1.7pts |

¹ The comparative figures as presented in this news release have been restated for IFRS 17. The restatement does not apply to Farmers Exchanges' figures.

² Parentheses around numbers represent an adverse variance.

³ Including investment cash and derivatives.

⁴ Calculated on average Group investments.

⁵ Ratios as of June 30, 2023 and January 1, 2023, respectively. Estimated Swiss Solvency Test ratio (SST) ratio as of June 30, 2023, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of January 1 has to be filed with FINMA by end of April each year and is subject to review by FINMA.

⁶ Shareholders' equity used to determine ROE and BOPAT ROE is adjusted for unrealized gains/(losses) on available-for-sale investments and cash flow hedges.

Further information

The Half Year Report 2023, as well as supplemental financial information to accompany the investor presentation, is available on Zurich's [webpage](#).

IFRS 17 at Zurich

Further information about IFRS 17 at Zurich can be found [here](#). A financial supplement for full-year 2022 results under IFRS 17 is available [here](#).

Q&A session for media

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

| | |
|-------------|------------------|
| Switzerland | +41 58 310 50 00 |
| U.K. | +44 207 107 0613 |
| U.S. | +1 631 570 5613 |

Q&A session for analysts and investors

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

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

Following registration, you will receive details of the call, together with your personal access details (PIN) for the event by email. At the time of the event, you will need to choose the dial in number and call it, enter the passcode of the event (1099879#) and your personalized pin followed by the # sign.

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

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

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

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

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

Persons requiring advice should consult an independent adviser.

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