

## Commentary on half year results 2019

### Slide 3: Key messages

The half year 2019 results show a very strong performance with business operating profit (BOP) increasing 16% as reported and 20% on a like-for-like basis, adjusting for FX movements, acquisitions and disposals. Earnings per share in Swiss Francs increased 18% compared to the prior year.

The results show the Group to be exceeding the BOPAT ROE target and to be close to achieving the cumulative cash remittances for the 2017-2019 period already as of 30 June. Net expense savings reached USD 1.3bn as of June 30. Management expects to exceed all targets for the 2017 to 2019 plan period by the end of the year.

The P&C results demonstrate strong progress across all regions, with BOP up 46%. Gross written premiums grew 4% on a like-for-like basis, while the combined ratio improved to 95.1%, the lowest level in the past decade. Investment income and fair value gains recognized in BOP also contributed to the performance. The results clearly shows the effectiveness of the Group's underwriting actions over recent years and the efforts to reduce administration costs. In the first half year the accident year loss ratio ex-catastrophes improved by 2.7pts and the other underwriting expense ratio by 0.6pts, with these partially offset by a slight increase in the commission ratio. Results benefited from improvement across the business with the commercial segment seeing a particular improvement.

The Group's Life business delivered another strong underlying result. Life BOP of USD 701m was 8% below the prior year with the first half comparison impacted by lower favorable one off items than in the prior year and the stronger U.S. dollar. On a like-for-like basis business operating profit grew 2%. The quality and resilience of the life performance remained high, with 88% of life revenues on a sources of earnings basis coming from either loadings and fees or technical margins. The first half saw the group continue to focus on protection and capital light savings products, with these equating to 87% of annual premium equivalent (APE) sales. New production remained positive with 4% growth in APE sales on a like-for-like basis and 3% growth in new business on the same basis.

At Farmers, business operating profit grew 7%. Growth came from underlying growth at Farmers Management Services together with favorable mark to market performance on employee benefit plans and strong results at Farmers Life following favorable experience over the first half. The Farmers Exchanges, which are owned by their policyholders, improved key customer metrics year-over-year, resulting in growth of gross written premiums from continuing business of 2%.

Very strong Z-ECM of 121%. The reduction from the full year is attributable to falls in yields year to date.

#### **Slide 4: Key highlights – Group targets**

The first half 2019 results show the group to be on track to exceed all targets for the 2017 to 2019 plan period.

In terms of the Group's four financial targets,

1. BOPAT ROE: Annualized BOPAT ROE as reported was 15.0% for HY-19 and was comfortably above the Group's target to deliver a BOPAT ROE in excess of 12% and growing over the 2017-19 period.
2. Expense savings: The Group delivered a further USD 0.2bn of cost savings over the course of the first half of the year, with cumulative net savings of approximately USD 1.3bn achieved to date. Management expects to exceed the target of USD 1.5bn of savings by the end of 2019.
3. Cash remittances: Including the first half of 2019, cumulative cash remittances to the Group were USD 9.2bn. The Group expects to exceed the USD 9.5bn target for the 2017-2019 period.
4. Capital: As of June 30, 2019 the estimated Group Z-ECM ratio at 121% is slightly above the 100-120% target range.

#### **Slide 5: Key highlights – Proof points by business**

The half-year results show a range of financial proof points against key management goals, including:

Property & Casualty (P&C) gross written premiums returned to growth. Growth was 4% on a like-for-like basis, adjusting for FX movements, acquisitions and disposals, and were stable on a reported basis.

The combined ratio improved 2.4 percentage points on a headline basis. The accident year loss ratio ex-catastrophes improved by 2.7 percentage points, while the other underwriting expense ratio also improved by 0.6 percentage points. Offsetting this was a slightly higher commission ratio and an increase in premium taxes and levies. Prior year reserve development at 1.6% remained in line with the indicated 1-2 percent range, but was 0.9 percentage points below the prior year and reflects the continued strength of the Group's reserves.

Life business operating profit grew 2% on a like-for-like basis. During the first half the Group continued to focus on protection and capital light savings business, with these making up 87% of APE sales. On a like-for-like basis, adjusting for foreign exchange and acquisitions and disposals, APE growth was 4% with the new business value increasing 3% on the same basis.

At the Farmers Exchanges, strong customer retention and higher average premiums led to 2.1% growth in gross written premiums from continuing business. The combined ratio of 100% was 1.7

percentage points above prior year primarily due to higher catastrophes and weather related losses. Higher premium volumes continued to support growth in management fees and business operating profits at Farmers Management Services.

#### **Slide 6: Key highlights – Strategic update**

The Group continues to make strong progress on key strategic priorities.

During the first half year the Group added a number of significant distribution partnerships. In EMEA, the Group entered into an agreement with MediaMarkt Saturn, a leading retailer of electronic goods, to provide protection for customer purchases in Germany. In Switzerland, the Group acquired 33.3% of Autosense, a collaboration in the area of mobility between Zurich, Swisscom and a leading Swiss auto dealer AMAG. In Asia Pacific the Group entered into a 15 year distribution agreement to provide insurance and Takaful products through Alliance Bank in Malaysia, while the completion of the OnePath Life acquisition in Australia saw the launch of the distribution partnership with ANZ bank. In Latin America, the Group announced an extension of the Via Varejo relationship to bring insurance products to customers of banQi, Via Varejo's digital bank.

The Group has also continued to reallocate capital by strengthening key businesses while exiting non-core operations. At the end of May, the Group completed the previously announced acquisition of OnePath Life in Australia. Following this transaction, Zurich becomes a leading player in the Australian individual life market. The Group also completed the sale of Venezuela and announced the reinsurance of the Group's legacy portfolio of asbestos and environmental risks in North America.

In June, the Group underlined its commitment to supporting the societies in which it operates by becoming the first insurance company to commit to the UN Global Compact business Ambition Pledge that aims to limit global temperature rise to 1.5 degrees above pre-industrial levels. The Group is also proactively engaging with its customers and investee companies to assist them with their mid-to long term transition plans to reduce their exposure to thermal coal and carbon intense fossil fuels.

The Group has continued to develop a range of innovative customer solutions.

Cover-More, the Group's travel and assistance business, continued to grow and increase customer count in the first half of the year. Klinc, an innovative provider of on demand coverage for personal possessions in Spain, has already on-boarded more than 4,100 new customers since its launch in July 2018. Building on this success, the Group launched Zurich Now in Argentina, a similar proposition aimed at millennials and anyone who wants freedom to choose coverage on demand. Following the successful launch in 2018 of the collaboration with Coverwallet, offering tailored online cover to small and medium-sized businesses in Spain, the collaboration expanded to Switzerland over the first half of 2019. Further, a number of new and innovative customer propositions for small and medium-sized

businesses were launched in Switzerland, UK, Italy, Spain and other European countries. In the first half, the Group also introduced several new digital offerings, including LiveWell, a new wellness proposition in Australia, Homeflix a household proposition targeted at millennials in Italy, as well as a new connected car solution through auto-dealers in the United States. The first half of 2019 also saw the Group receive the gold award in the EFMA Accenture Innovation in Insurance Awards 2019 in recognition of the strength of its innovation.

Key customer metrics in the Group's larger retail markets generally improved, with higher levels of retention than in the prior year in most markets.

#### **Slide 7: Key highlights – P&C**

Over the first half of 2019 the Group continued to execute against the key strategic priorities of improving profitability while reducing overall volatility of P&C results. The first half shows clearly that improvements in underwriting and the use of reinsurance have led to a more profitable and less volatile business, with the commercial segment showing a particularly strong improvement.

In the first half the Group has continued to adjust the overall P&C business mix towards specialty and shorter tail lines. In the first half of the year specialty and property lines of business accounted for 50% of net earned premiums up from 42% in 2015 with a commensurate reduction in motor and casualty business.

Since 2016 the Group has made significant progress in improving the profitability of the P&C portfolio, with the accident year combined ratio excluding catastrophes improving by 2.9 percentage points. Within this commercial achieved a 4.3 point improvement and retail has seen a 1.7 percentage points improvement to 93.2%.

Volatility of the P&C book has also reduced. In the period Q1-16 to Q2-19 quarterly large losses have varied within a 2 percentage points range compared to 8 percentage points in the Q1-14 to Q4-15 period.

#### **Slide 8: Key highlights – Life**

Life continues to progress in line with the Group's strategy of focusing on higher margin protection business and capital light savings business. Gross written premiums for protection business have continued to grow strongly across all regions and account for more than half of the Group's life premiums. Latin America, Asia Pacific and North America are strong protection players with 90% or more of their life business in protection.

### **Slide 9: Key highlights – Farmers**

Farmers Exchanges continue to progress against all the key strategic priorities outlined at the 2017 Investor Day.

The expansion into the eastern U.S. continues to deliver strong growth, with gross written premiums exceeding USD 700m in the first half. Farmers Exchanges remain focused on improving the quality and performance of their agents. The shift towards a capitalized agency model is well on track, with the number of capitalized agents increasing by more than 500 units in the first half. Farmers' experience shows that capitalized agents are able to provide better customer experience, reflected in higher net promoter scores, and show higher retention and productivity levels. Larger and better quality agencies have also the highest potential to serve customers across multiple lines of business.

Farmers Exchanges continue to innovate to deliver better value to customers and pursue growth opportunities. Toggle<sup>SM</sup>, a new and innovative offering aimed at millennials, was rolled out to twenty one additional states since the beginning of the year and has passed over 10,000 policies. The agreement with Uber to provide commercial rideshare insurance in two U.S. states was expanded to cover also Uber Eats drivers. A collaboration was established with Talespin, a leading provider of enterprise extended reality solutions. A refreshed auto proposition was launched with improved segmentation, as well as new property propositions with simplified contract and home-share endorsement to cover short term rentals.

### **Slide 11: Group – BOP**

Overall BOP growth was 16% on a reported basis and 20% on like-for-like basis, with all regions contributing to the strong performance.

Growth in EMEA was driven primarily by a strong underwriting performance in P&C as a result of lower natural catastrophe losses and higher prior year development, while the life result showed a slight decline with foreign exchange movements offsetting positive underlying growth.

In North America growth was driven principally by an improved underwriting performance as a result of a lower accident year loss ratio excluding natural catastrophes and higher levels of gains from fair value movements on hedge fund investments. The Farmers business also contributed a positive performance as a result of continued underlying growth and favorable items within the results of both Farmers Management Services and Farmers Life.

In Asia Pacific, top line growth and improved underwriting results in P&C more than compensated a slightly weaker overall life result, while in Latin America, the inclusion of the acquired QBE business

together with an improved underwriting performance more than compensated a weaker overall life result and translation effects related to exchange rate movements.

By business, P&C and Farmers were the main contributors to growth.

### **Slide 12: Group – NIAS**

Net income attributable to shareholders (NIAS) increased 14% in the first half, with growth driven by the increase in business operating profits together with a reduction in the effective tax rate. Earnings per share in Swiss Francs increased 18% compared to the prior year. Items recognized outside of BOP totaled to a loss of USD 123m compared to a gain of USD 6m in the prior period, largely reflecting the negative impact of currency translation adjustments relating to the sale of the Group's Venezuelan business.

Key items outside of BOP included:

- Net realized capital gains of USD 247m.
- A loss on disposal of businesses of USD 186m, of which USD 258m relating to non-cash currency translation adjustments on completion of the sale of the Group's Venezuelan business.
- Restructuring costs of USD 56m compared to USD 102m in the prior year.
- Other charges of USD 128m, of which USD 26m relates to hyperinflation accounting in relation to the Group's operations in Argentina.

The effective tax rate in the first half was 24.9% down from 26.8% in the prior year. The decline in the tax rate was driven by a more favorable geographic mix of earnings together with a small positive one time effect from changes relating to Swiss tax reforms. These were partly offset by the absence of tax relief on the Venezuelan currency translation adjustment.

### **Slide 13: Group – Outlook**

Over 2019 the Group expects to exceed the targets laid out in December 2016.

Property & Casualty: The lagged effect of specific portfolio actions and the impact of foreign exchange movement's year to date are expected to offset underlying growth to leave net earned premiums slightly below the prior year level.

Following the positive first half performance and assuming normalized levels of natural catastrophes and PYD over the second half of the year, management expects the combined ratio to be around the mid-point of the 95-96% range.

P&C investment income is expected to be broadly stable compared to prior year level, as the gap between new money and reinvestment yields remains small.

Life: BOP for the second half of the year is expected to be around USD 750m, with underlying growth expected to be offset by unfavorable currency developments. Together with the first half result of USD 701m, this is expected to give rise to a result in-line with the prior year adjusted for FX developments.

Farmers: The Farmers Exchanges are expected to see steady growth driven both by improved customer metrics and the continued earn through of rate increases. Combined with stable margins, this should continue to support top-line and earnings development at FMS.

Group Functions and Operations: Are expected to continue to show a run rate BOP loss of around USD 750 – 800m per annum.

Restructuring charges and integration costs: As indicated previously, the Group expects 2019 to see a significant reduction in the overall level of restructuring charges from the USD 500m run rate recognized in 2017 and 2018. For 2019, the Group expects restructuring and integration charges to be in a range of USD 150-200m and fully recognized outside of BOP.

Other adjustments outside of BOP: Over the second half of 2019, the Group expects to incur costs of around USD 50-100m in relation to the implementation of IFRS 17.

Based on current inflation expectations, the impact of hyperinflation accounting for the Group's Argentinian business in the second half of the year is expected to be at a similar level to the first half, before declining with inflation expectations over 2020.

Tax: Following the positive performance in the first half year, the Group expects the effective tax rate for 2019 to be around 25%.

#### **Slide 14: P&C – Top line**

Gross written premiums in Property & Casualty (P&C) for the first half of 2019 increased 4% on a like-for-like basis, adjusting for FX movements, acquisitions and disposals, with growth across all regions. In U.S. dollars gross written premiums were flat.

The level of rate increases improved across most regions compared to the previous year, with the Group achieving rate increases of around 3% overall. In the second quarter, rates further accelerated especially in North America where the Group achieved rate increases of just under 7%.

Net earned premiums were up 1% on a local currency basis and down 5% on a reported basis.

In EMEA, gross written premiums increased 5% on a like-for-like basis, with strong growth in the Swiss commercial business as well as in Italy and a number of smaller European retail markets.

North America grew by 2% compared to the previous year. The increase was driven mainly by rate increases on property lines, partly offset by continuing portfolio reshaping activities.

Asia Pacific increased 8% on a like-for-like basis, driven mainly by growth in Australia, Malaysia, and Japan retail while Latin America was up 14%, on a like-for-like basis, driven by growth in Argentina, partly driven by the inflationary environment, together with growth in Brazil.

#### **Slide 15: P&C – BOP Components**

For HY-19 P&C BOP on a reported basis was USD 1,656m, 46% higher than in the previous year.

The underwriting result increased strongly by USD 285m. In line with this, the combined ratio for HY-19 improved by 2.4 percentage points to 95.1%, the lowest level achieved over the last decade.

Investment income for the half year increased by 2% on a reported basis, with growth in investment income across North America, Latin America and Asia Pacific, more than offsetting a decline in EMEA. The strong performance of financial markets in the first half year led to an increase in fair value gains on the Group's hedge fund portfolio to USD 162m compared to USD 45m in the first half of 2018.

Other items, which include the net non-technical result and non-controlling interests, were USD 95m higher than in the previous year. Within this, the net non-technical loss of USD 38m benefitted from an FX gain of USD 19m.

All regions contributed to the P&C performance, with North America and EMEA in particular standing out. BOP growth in the regions was partly offset by higher losses in the Group Reinsurance unit.

#### **Slide 16: P&C – Combined ratio details**

The accident year loss ratio excluding catastrophes reduced by 2.7 percentage points compared to HY-18, driven by an improved underwriting performance across all regions.



Catastrophe losses for the half year totaled 2.3%, 0.7 percentage points below the previous year and below the normal expectation of around 3%. In the first half of the year catastrophe losses were particularly benign in Europe and Asia-Pacific while North America was in line with expectations.

Prior year development at 1.6% for the half year was in line with the indicated range of 1-2% with all regions contributing. Overall, the Group's reserve strength remained stable over the year.

The other underwriting expense ratio for HY-19 improved 0.6 percentage points to 13.7% compared to the same period in 2018. In the second half of 2019 the Group expects to deliver further improvements in the absolute level of expenses, with this expected to lead to a further reduction in the OUE ratio.

The commission ratio increased slightly by 0.4 percentage point, mainly driven by business mix changes in EMEA. As anticipated, the overall increase has further moderated after the increases of 1.1 percentage points and 0.9 percentage points in the first and second half of last year.

#### **Slide 17: P&C – Combined ratio by segment and customer unit**

The EMEA accident year combined ratio ex-catastrophes of 93.8% was lower than in the previous year, with underlying improvements in the loss ratio the main driver.

In North America, the accident year combined ratio ex-catastrophes was 92.7% and improved strongly compared to the prior year.

The Asia Pacific accident year combined ratio showed a significant reduction to 94.6%, mainly driven by improvements in the in the other underwriting expenses.

In Latin America, the accident year combined ratio ex-catastrophes for the half year was 97.6%, 2.0 percentage points lower than in the previous year, driven by reduced large losses in Argentina and Mexico and a lower commission ratio due to a favorable business mix.

Commercial Insurance delivered a strong performance with the accident year combined ratio excluding catastrophes improving by 4.8 percentage points to 94.8%, mainly due to improvements in North America, UK and Germany.

For the retail and other business, the accident year combined ratio excluding catastrophes was 93.2% for HY-19, 0.8 percentage points below the prior year.

**Slide 18: P&C – Investment result**

The HY-19 investment result of USD 1,129m included favorable fair value movements of USD 162m, mainly from the Group's hedge fund portfolio. Investment income rose 2% on a reported basis while fair value items showed an increase of USD 117m year on year due to favorable market developments.

Reinvestment yields for debt securities remained stable at around 2.6% compared to HY-18.

**Slide 19: Life – Overview**

Life continued to deliver a robust underlying performance against a high prior year comparative. As reported in U.S. dollars, business operating profit declined 8% due to the strengthening of the U.S. dollar compared to the first half of 2018. On a like-for-like basis, adjusting for FX movements, acquisitions and disposals, Life BOP increased 2%.

In EMEA, BOP declined 3% due to currency movements and increased 3% on a like-for-like basis, with Switzerland and Spain in particular contributing to the underlying growth. The result also benefitted from a number of favorable items amounting to USD 22m compared to USD 30m within the prior year period.

In Latin America, BOP decreased 25% and to a lesser extent by 7% on a like-for-like basis. Growth across the region was offset by higher claims on corporate protection business in Chile.

Asia Pacific BOP decreased 8% but grew by 2% in like-for-like terms, with growth across the region partially outweighed by one-time deal related costs of USD 18m relating to the OnePath Life acquisition.

In North America, excluding Farmers Life, which is reported under Farmers, the BOP loss improved by USD 10m compared to the prior half year largely driven by a reserving methodology change.

HY-19 Life new business APE decreased 3% in U.S. dollars and increased 4% on a like-for-like basis. In like-for like terms, EMEA saw a decline of 5%. Strong growth in corporate life and pension business in Switzerland and Ireland was more than offset by reduced volumes of lower margin traditional savings business and the absence of a large corporate protection scheme in the prior year. In Latin America APE sales increased 24% like-for-like, with positive developments in Brazil, Mexico and Argentina complemented by a large corporate protection scheme in Chile. Growth in protection business in Southeast Asia and Australia drove a 5% like-for-like increase in Asia Pacific, while North America experienced continued growth in all product lines.

New business value (NBV) decreased 3% in U.S. dollars and increased 3% on a like-for-like basis. EMEA saw a like-for-like decrease of 4% due to changes in business mix and modelling enhancements. In

Latin America, like-for-like growth of 5% was driven by higher volumes and improved business mix, which offset adverse changes in economic assumptions. On a like-for-like basis, Asia Pacific grew 11% reflecting a mix of underlying portfolio growth and positive updates to assumptions, while volume growth and an improved business mix led to a trebling in the new business value in North America on a like-for-like basis.

The new business margin remained at a healthy level of 25.9%, a slight decrease by 0.5 percentage points on a headline basis and 0.3 percentage points on a like-for-like basis.

#### **Slide 20: Life – Product mix**

The Group continues to focus on protection, unit-linked and corporate pension business, with these products accounting for 87% of APE sales.

Protection business contributed 81% of the overall new business value reflecting the higher margin nature of this business.

#### **Slide 21: Life – Net inflows & AuM**

Net inflows increased by 5% compared to the prior year. The increase was primarily driven by higher volumes of unit-linked business in Latin America which were partially offset by a reduction of traditional savings business in EMEA.

Assets under management (AuM) increased by 11%, driven by the combination of positive net inflows, which were 2% of start of year AuM, favorable market movements and USD 3bn of AuM resulting from the acquisition of OnePath Life in Australia.

#### **Slide 22: Life – BOP by source**

The Group's Life business continued to be driven by stable revenue streams, with 88% of Life revenues coming from loadings and fees together with technical margins.

Viewed by margin on a like-for-like basis, adjusting for FX movements, acquisitions and disposals, loadings and fees increased 2%, with underlying growth across all regions offset by reduced volumes of lower margin traditional savings business and the absence of a large corporate protection scheme in the prior year in EMEA. The technical margin increased 1%, driven by continued growth in protection portfolios across the Group. The investment margin decreased 7%, mainly driven by the unfavorable development of yields in EMEA.

On the expense side, operating costs increased 5% driven largely by inflation in Latin America while acquisition costs increased 9% reflecting higher business volumes in Latin America, Asia Pacific and North America.

#### **Slide 23: Life – Investment result**

Life investment result, which is gross of policyholder sharing, decreased by 2% to USD 1.9bn in U.S. dollars, driven mainly by unfavorable market yields developments, particularly in Germany, UK and Switzerland.

#### **Slide 24: Farmers Exchanges – Growth**

The Farmers Exchanges showed continued growth in the first half of the year. Gross written premiums for continuing operations increased by 2.1% compared to prior year, with growth coming from all lines of business and driven by a combination of rate increases, improved retention and further expansion into the eastern United States. Overall reported gross written premiums were up 1.2%, reflecting the impact from the run-off of discontinued operations, which has now been completed, but which continues to impact the prior year comparisons.

Key customer metrics remained strong as a result of the Farmers' Exchanges customer focused strategy, with both Net Promoter Score and retention close to record high levels in the second quarter of 2019.

#### **Slide 25: Farmers Exchanges – Profitability**

The Farmers Exchanges combined ratio stood at 100.0% in the first half, up 1.7 percentage points compared to the prior year. This reflects continued underlying improvement in the auto book, more than offset by increases in the home and specialty books and higher catastrophe losses.

The Farmers Exchanges' surplus ratio increased by 1.6 percentage points to 41.1%, one of the highest levels recorded in recent years. The improvement was entirely driven by organic capital generation.

#### **Slide 26: FMS – Overview**

Farmers Management Services (FMS) BOP grew 5% in the first half. This was driven by 2% growth in the gross management result, in line with Farmers Exchanges gross earned premiums, and a USD 14m favorable mark to market impact on a deferred compensation plan, compared to a USD 7m unfavorable impact in the prior year.

The managed gross earned premium margin remained stable at 7.0%.

### **Slide 27: Farmers Life and Farmers Re – Overview**

Farmers Life BOP of USD 120m was USD 39m higher than in the prior year. Around half of the improvement was driven by favorable mortality experience over the first half of the year. A further USD 9m came from lower amortization of deferred acquisition costs resulting from positive market movements and better lapse experience on some older blocks of business. New business APE was USD 6m lower than in the prior year, while new business value decreased by USD 20m driven by lower sales volumes and assumption updates.

Farmers Re BOP of USD 9m was USD 16m lower than in the prior year. This reflects the ongoing impact of the reduced participation in the all lines quota share from 8% to 1%, effective December 31, 2017, and higher levels of natural catastrophe losses in the period.

### **Slide 28: Group Functions and Operations & Non-Core Businesses – BOP**

The business operating loss reported under Group Functions & Operations increased by USD 37m to USD 371m. The increase was driven by higher Holding & Financing costs due to lower gains on currency hedges compared to the prior year and an increase in external debt expenses for recent acquisitions, while headquarter expenses were 3% lower than prior year.

The Group's Non-Core Businesses, which comprise run-off portfolios that are managed with the intention of proactively reducing risk and releasing capital, reported an operating loss of USD 37m. The loss reflected the net impact of previously announced transactions to exit legacy liabilities related to UK employer's liability and U.S. asbestos and environmental business.

### **Slide 29: Group – Solvency ratios**

The Group's Z-ECM ratio remained very strong at 121% as of the end of June.

Strong operational capital generation from the businesses added 8 percentage points off-set by 4 percentage points of dividend accrual. Negative market movements in the first half of the year reduced the ratio by 7 percentage points, largely due to falling interest rates. Other movements netted to a zero impact.

### **Slide 30: Group – Balance sheet and capital structure**

Shareholders' equity increased by USD 2.8bn over the first half mainly due to an increase in unrealized gains and losses, with net income of USD 2.0bn more than offset by the capital returned to shareholders through dividends.

The Group capital structure remains broadly unchanged from the one reported at the FY-18 results.

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