Financial overview

Annual results 2023

Zurich Insurance Group

Message from our Group Chief Financial Officer

"The Group has made a strong start into the new financial cycle with all businesses contributing to improvement in earnings. This, together with our customer-focused strategy, simplified operating model and strong balance sheet, positions the Group well for further growth.

Dear Shareholder

Full year 2023 results demonstrated a strong start into the 2023 to 2025 financial cycle. Business operating profit (BOP) increased 21 percent with a BOPAT ROE of 23.1 percent for the year. Net income attributable to shareholders (NIAS) amounted to USD 4.4 billion. Reflecting this performance, our strong capital position and management's expectations of further improvements over the current financial cycle, the Board will propose a dividend increase of 8 percent to CHF 26 per share, and plans to supplement the dividend with a share buyback of up to CHF 1.1 billion.

Executing on strategic priorities

The Group continued to execute on its key strategic priority to focus on the customer. During the year, the Group continued to digitalize key aspects of the business, address pain points to increase convenience for customers, and added incremental distribution partnerships to extend its customer reach and improve efficiency.

2023–2025 financial targets

Target: >20.0%
BOPAT ROE[1]
23.1%
FY 2023

Target: >USD 13.5bn cumulative 2023–2025
Cash remittances
USD 4.8bn
FY 2023

SST solvency target: 160% or above
Estimated SST ratio[2]
233%
FY 2023

Target: ≥8%
Earnings per share growth in USD
20.2%[3]
Compound annual growth rate (CAGR)
FY 2023 versus FY 2022

1 Business operating profit after tax return on equity, excluding unrealized gains and losses.
2 Estimated Swiss Solvency Test (SST) ratio, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of January 1 has to be filed with FINMA by end of April each year and is subject to review by FINMA.
3 The Earnings per share (EPS) growth is based on the 2022 baseline EPS of USD 32.1 and the 2023 EPS, adjusted for the expected long-term market assumptions for net capital gains.

Message from our Group Chief Financial Officer (continued)

A strong performance across all businesses

Property & Casualty (P&C) saw a 7 percent increase in business operating profit (BOP). Insurance revenue grew 8 percent with strong growth in our Commercial and Retail insurance business supported by continuing price increases of 6 percent over the year.

The combined ratio remained at a strong level of 94.5 percent versus the prior year. Higher earned rate as well as lower catastrophe losses were offset by inflationary trends.

Favorable prior-year development of 1.5 percent was well within the indicated 1 to 2 percent range, demonstrating the strength of the Group's reserves.

The Group's Life business delivered an excellent performance, reflecting the success of the Group's strategy to focus on protection and unit-linked business.

Life BOP of USD 2.1 billion was an all-time high. All regions contributed to growth, driven by a combination of solid underlying performance and favorable experience for long-term insurance, as well as revenue growth for short-term insurance and investment contracts.

Farmers BOP increased 10 percent over the prior year, supported by a higher earned premium base at Farmers Exchanges[2] and a Farmers Management Services margin of 7.0 percent. The Farmers Exchanges[2] continue to grow in most books of business following higher rates and have taken strategic actions to secure long-term profitability. Farmers Re results benefit from improved underwriting results at a higher reinsurance participation ratio. The Farmers Life BOP is 25 percent lower than the prior year, as Farmers Life entered into a reinsurance transaction with Resolution Life for its individual life in-force book. The transaction completed on August 1, 2023.

Robust balance sheet and higher cash generation

During the year, the Group continued to focus on and optimize the use of capital. The Group's balance sheet remained very strong with the Swiss Solvency Test (SST)[3] ratio at an estimated 233 percent, well above the Group's target of 160 percent or above.

The Group successfully converted earnings into distributable cashflow with cash remittances back to the Group of USD 4.8 billion over the year driven by operational earnings and remittances of excess capital from previously retained earnings.

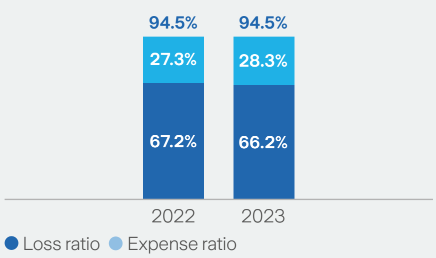
Dividend proposal of CHF 26

In line with our dividend policy, the Board proposes an 8 percent dividend increase to CHF 26 per share.

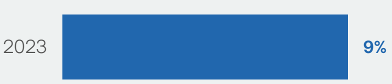
George Quinn
Group Chief Financial Officer

Property & Casualty (P&C)

Combined ratio

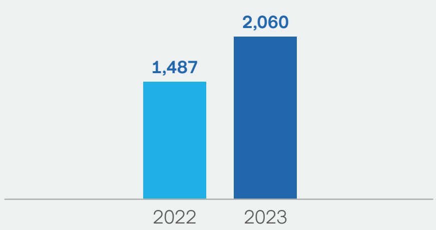


Like-for-like Insurance revenue growth[1]



Life

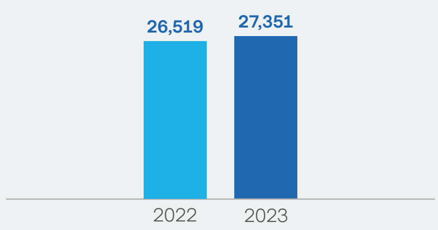
Business operating profit
in USD millions



2023 split of reserves and liabilities

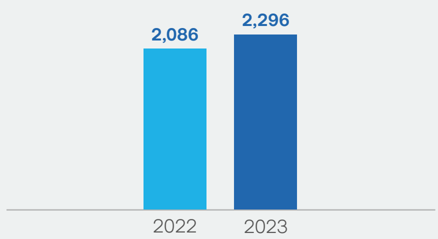
Farmers Exchanges[2]

GWP
in USD millions



Farmers

Farmers BOP
in USD millions



1 In local currency and after adjusting for closed acquisitions and disposals. Due to change in accounting standards (IFRS 17) effective as of January 1, 2022, no growth information for 2022 can be calculated.
2 The Farmers Exchanges are owned by the policyholders. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchange as attorney-in-fact and receives fees for its services.
3 Estimated Swiss Solvency Test (SST) ratio, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of January 1 has to be filed with FINMA by end of April each year and is subject to review by FINMA.

Financial overview

Contents

The information contained within the financial overview is unaudited and is based on the consolidated results of Zurich Insurance Company Ltd and its subsidiaries (collectively, the Group) for the years ended December 31, 2023 and 2022. 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 always add up to the rounded total. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts. This document should be read in conjunction with the 2023 Annual Results of the Group and in particular with its consolidated financial statements for the year ended December 31, 2023. The Group adopted IFRS 17 'Insurance Contracts' retrospectively from January 1, 2022; therefore, the comparative figures as presented in this financial overview have been restated for the effect of the adoption of IFRS 17.

In addition to the figures stated in accordance with IFRS Accounting Standards, the Group uses business operating profit (BOP), new business metrics and other performance indicators to enhance the understanding of its results. Details of these additional measures are set out in the glossary. These should be viewed as complementary to, and not as substitutes for, the IFRS figures. For a reconciliation of BOP to net income attributable to shareholders (NIAS), see note 26 (table 26.4) of the audited consolidated financial statements for the year ended December 31, 2023.

Certain comparatives have been revised as a result of reclassifications and other adjustments. For details refer to note 1 of the audited consolidated financial statements.

Financial overview (continued)

Financial highlights

in USD millions, for the years ended December 31	2023	Restated 2022	Change[1]
Business operating profit	**7,381**	6,123	21%
Net income attributable to shareholders	**4,351**	3,964	10%
P&C business operating profit	**3,893**	3,634	7%
P&C insurance revenue	**42,293**	39,164	8%
P&C combined ratio	**94.5%**	94.5%	0.0 pts
Life business operating profit	**2,060**	1,487	39%
Life contractual service margin (CSM)[2]	**11,526**	10,496	10%
Life present value of new business premiums (PVNBP)[3]	**16,384**	13,241	24%
Life new business CSM (NB CSM)[2]	**1,037**	987	5%
Life new business margin (as % of PVNBP)[4]	**6.3%**	7.5%	(1.1 pts)
Farmers business operating profit	**2,296**	2,086	10%
Farmers Management Services managed gross earned premium margin	**7.0%**	6.6%	0.4 pts
Average Group investments[5]	**142,389**	167,832	(15%)
Net investment result on Group investments[5]	**4,687**	3,284	43%
Net investment return on Group investments[5,6]	**3.3%**	2.0%	1.3 pts
Total return on Group investments[5,6]	**6.3%**	(12.0%)	18.3 pts
Shareholders' equity[7]	**24,860**	26,199	(5%)
Swiss Solvency Test ratio[8]	**233%**	267%	(34) pts
Return on common shareholders' equity (ROE)[9]	**18.1%**	15.0%	3.1 pts
Business operating profit (after tax) return on common shareholders' equity (BOPAT ROE)[9]	**23.1%**	17.8%	5.3 pts

1 Parentheses around numbers represent an adverse variance.
2 CSM and new business CSM are net of external reinsurance and before the effect of non-controlling interests.
3 Present value of new business premiums (PVNBP) is gross of reinsurance and before the effect of non-controlling interests.
4 Calculated as new business CSM divided by PVNBP.
5 Including investment cash and derivatives.
6 Calculated on average Group investments.
7 Restated for impacts of IFRS 9 transition.
8 Estimated Swiss Solvency Test (SST) ratio, calculated based on the Group's internal model approved by the Swiss Financial Market Supervisory Authority FINMA. The SST ratio as of January 1 has to be filed with FINMA by end of April each year and is subject to review by FINMA.
9 Shareholders' equity used to determine ROE and BOPAT ROE is adjusted for net unrealized gains/(losses).

Overall Group business operating profit (BOP) increased 21 percent to USD 7.4 billion in 2023, driven by strong performances across P&C, Life and Farmers.

Net income attributable to shareholders (NIAS) increased 10 percent in 2023, with BOP growth partially offset by higher capital losses and restructuring costs.

Operating update

Property & Casualty (P&C)

in USD millions, for the years ended December 31			Total
	2023	Restated 2022	Change
Insurance revenue	42,293	39,164	8%
Insurance service result	3,186	2,928	9%
Net investment result	1,529	1,376	11%
Fee result	115	89	29%
Other result	(807)	(637)	(27%)
Business operating profit	**3,893**	**3,634**	**7%**
Loss ratio	66.2%	67.2%	0.9 pts
Expense ratio	28.3%	27.3%	(0.9 pts)
Combined ratio	**94.5%**	**94.5%**	**0.0 pts**

Insurance revenue in Property & Casualty (P&C) for the year ended 2023 rose 8 percent, benefiting from the earn-through of growth in gross written premiums, which increased strongly supported by higher premium rates of 6 percent.

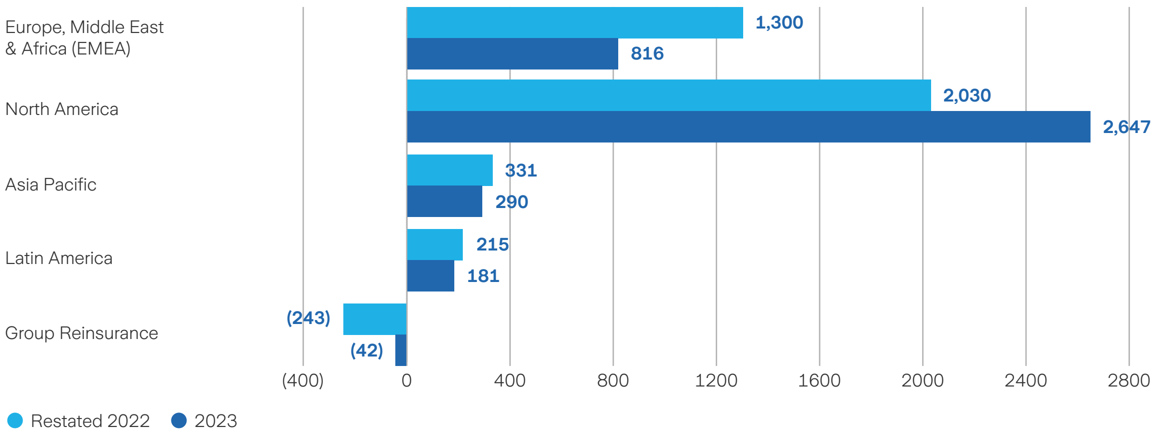
The net investment result was USD 153 million above the prior year, mainly due to a USD 345 million improvement in investment income compared with 2022. This improvement was due to earn-through of higher yields as well as realized capital gains of USD 225 million from the Group's hedge fund portfolio, which reported a loss of USD 21 million in the previous year. These gains were partially offset by a year-on-year increase in insurance finance expenses of USD 448 million, driven by an increase in the unwind of the discount.

The contribution of other items, which include the net non-technical result, fee result and non-controlling interests, decreased by USD 151 million compared with the previous year, mainly reflecting the absence of a one-off gain from a real estate transaction in 2022. This was partially offset by an increase of USD 26 million in the fee result compared with the prior year.

Business operating profit increased 7 percent to USD 3.9 billion compared with the prior year, driven by higher insurance revenue and an increase of the investment result, which was partially offset by the absence of a non-recurring real estate transaction in the prior year.

The combined ratio of 94.5 percent in 2023 was flat compared with the prior year. The loss ratio improved by 0.9 percentage points to 66.2 percent. The expense ratio of 28.3 percent in 2023 was 0.9 percentage points higher than in the previous year.

P&C business operating profit (BOP)
in USD millions, for the years ended December 31



Operating update (continued)

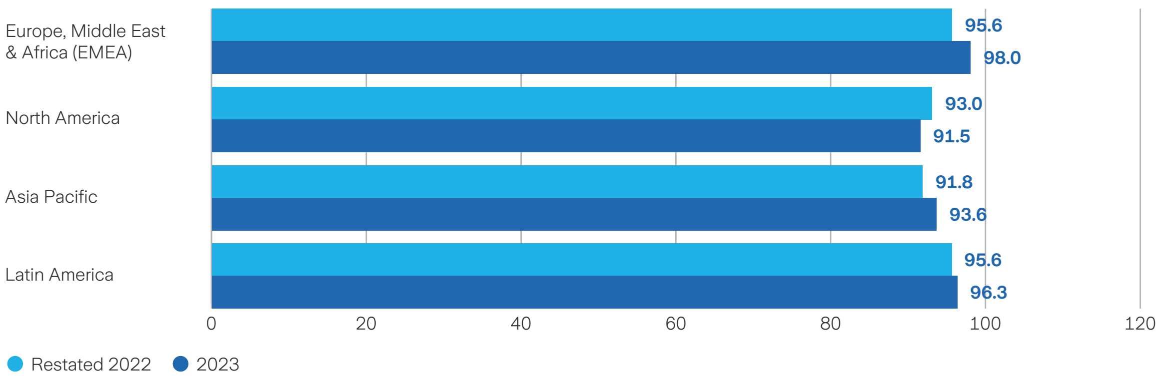
The reduction in Europe, Middle East & Africa (EMEA) business operating profit was driven by elevated losses in 2023 and a non-recurring gain related to a real estate transaction in the prior year.

North America business operating profit was 30 percent above prior year as a result of higher insurance revenue, an improved investment result and a lower combined ratio.

Asia Pacific business operating profit was 12 percent below prior year due to a higher combined ratio in P&C.

Latin America business operating profit was down 16 percent as the result was impacted by hyperinflation accounting for the Argentinian business.

P&C combined ratio
%, for the years ended December 31



In EMEA, the combined ratio deteriorated 2.4 percentage points, driven by elevated losses and an uptick in expenses.

In North America, the combined ratio improved 1.5 percentage points compared with the prior year, mainly due to lower levels of catastrophe losses.

The Asia Pacific combined ratio deteriorated 1.8 percentage points compared with the prior year, driven by an increase in the commission ratio which reflects the impact of recovering travel business sales and elevated losses.

The Latin America combined ratio deteriorated 0.7 percentage points compared with the prior year. A higher expense ratio was partially offset by a lower loss ratio.

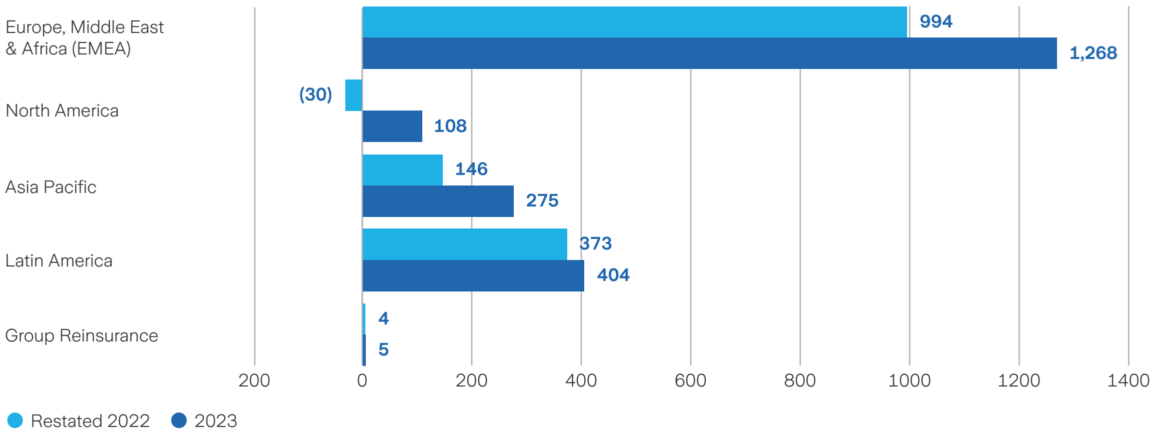
Operating update (continued)

Life

in USD millions, for the years ended December 31	2023	Restated 2022	Change
Insurance service result	2,281	1,245	83%
Net investment result	592	695	(15%)
Fee result	256	134	91%
Business operating profit	**2,060**	**1,487**	**39%**
Assets under management[1]	259,476	232,356	12%
Contractual service margin	11,526	10,496	10%

1 Assets under management comprise balance sheet Group investments and unit-linked investments plus assets that are managed by third parties, on which fees are earned.

Life business operating profit (BOP)
in USD millions, for the years ended December 31



In 2023, the Group's Life business generated a business operating profit of USD 2.1 billion for 2023, 39 percent higher than in the prior year. The business operating profit did not include the contribution of the German traditional life back book and the Chilean annuity book, which have been accounted for as held for sale.

In EMEA, business operating profit of USD 1.3 billion was 28 percent higher than in the prior year, reflecting the non-recurrence of adverse transition-related adjustments and one-offs in the prior year, as well as higher amortization of the contractual service margin (CSM) in 2023 due to an increased CSM balance.

In North America, business operating profit increased by USD 138 million to USD 108 million, mainly driven by a favorable net impact from onerous contracts, as opposed to net negative impacts in the prior year.

In Asia Pacific, business operating profit increased 88 percent to USD 275 million, driven by favorable experience mainly related to assumption updates and re-pricing actions.

In Latin America, business operating profit grew 8 percent year over year, mainly driven by revenue growth.

Assets under management (AuM) increased 12 percent in 2023 to USD 259.5 billion, driven by a combination of positive net inflows and favorable market and foreign exchange movements.

The CSM increased 10 percent to USD 11.5 billion on a reported basis. This was driven by a combination of favorable economic variances, foreign exchange movements and underlying CSM accretion.

Operating update (continued)

NB CSM, PVNBP and NBM by Segment[1]

in USD millions, for the years ended December 31	Present value of new business premiums (PVNBP)[2]		New business contractual service margin (NB CSM)[3]		New business margin (as % of PVNBP) (NBM)[4]	
	2023	Restated 2022	2023	Restated 2022	2023	Restated 2022
Europe, Middle East & Africa (EMEA)	8,818	7,660	600	643	6.8%	8.4%
North America	333	521	7	8	(1.1%)	1.5%
Asia Pacific	2,939	2,129	326	253	11.1%	11.9%
Latin America	4,296	2,931	105	87	2.4%	3.0%
Total	**16,384**	**13,241**	**1,037**	**987**	**6.3%**	**7.5%**

1 For long-term life insurance contracts. Does not include short-term life insurance contracts, which are accounted for with premium allocation approach (PAA), or investment contracts, which are accounted for with IFRS 9.
2 Present value of new business premiums (PVNBP) is gross of reinsurance and before the effect of non-controlling interests.
3 New business CSM is net of external reinsurance and before the effect of non-controlling interests.
4 Calculated as new business CSM divided by PVNBP.

PVNBP increased 24 percent on a reported basis and 26 percent on a like-for-like basis, with growth in EMEA, Asia Pacific and Latin America.

In EMEA, PVNBP grew 12 percent on a like-for-like basis, compared with the same period in 2022, reflecting large sales volumes of a retail savings product in Spain, written by the Group's joint venture with Banco Sabadell, as well as higher unit-linked sales in Germany and Spain. These increases more than offset the adverse impact of lower sales volumes in Italy and Switzerland and higher discount rates in the region.

In North America, PVNBP was 36 percent lower on a like-for-like basis compared with the prior year, driven by lower sales in the corporate business.

In Asia Pacific, PVNBP grew 44 percent 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, as well as in Australia, which benefited from increased volumes of corporate business.

In Latin America, PVNBP increased 61 percent on a like-for-like basis, benefiting primarily from higher sales in Brazil through the Group's joint venture with Banco Santander.

New business written in 2023 added USD 1 billion of CSM, 5 percent more than in the prior year. This was due to higher sales volumes which more than offset the impact of reduced new business margin of 6.3 percent (compared with 7.5 percent in the prior year) due to a less favorable business mix.

PVNBP and NB CSM do not include short-term life insurance or investment contracts, which are accounted for with the premium allocation approach (PAA) method and IFRS 9, respectively. Insurance revenues from short-term life insurance, which is mainly related to protection business in Latin America, grew 9 percent on a like-for-like basis. Fee revenues for investment contracts, which are mainly written in EMEA, grew 19 percent on a like-for-like basis compared with the prior year, which was affected by negative market performance.

Operating update (continued)

Farmers

in USD millions, for the years ended December 31	2023	Restated 2022	Change
Farmers Management Services (FMS)	1,970	1,796	10%
Farmers Re	117	12	nm
Farmers Life	209	278	(25%)
Total business operating profit	**2,296**	**2,086**	**10%**

Farmers Management Services (FMS) business operating profit increased 10 percent compared with the prior year. This was mainly driven by the higher earned premium base of the Farmers Exchanges and a managed gross earned premium margin of 7.0 percent.

Farmers Re reported a business operating profit of USD 117 million for 2023. This was due to a lower combined ratio at a higher reinsurance participation percentage of 8.5 percent, compared with 1.75 percent in the prior year, and higher interest income.

Farmers Life business operating profit was 25 percent below the prior year, driven by a lower insurance service result, as Farmers Life entered into a reinsurance transaction with Resolution Life for its in-force book. The transaction completed on August 1, 2023.

Farmers Exchanges

The Farmers Exchanges are owned by their policyholders. Farmers Group, Inc., a wholly owned subsidiary of the Group, provides certain non-claims services and ancillary services to the Farmers Exchanges as attorney-in-fact and receives fees for its services.

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 Re.

in USD millions, for the years ended December 31	2023	2022	Change
Gross written premiums	27,351	26,519	3%
Gross earned premiums	26,702	25,842	3%

The Farmers Exchanges reported growth in gross written premiums of 3 percent in 2023, driven by growth in most books of business due to rate actions, partially offset by a decrease in the commercial rideshare business. Gross earned premiums increased 3 percent over the same period.

Operating update (continued)

Group Functions and Operations

in USD millions, for the years ended December 31	2023	Restated 2022	Change
Holding and Financing	(486)	(446)	(9%)
Headquarters	(314)	(292)	(8%)
Zurich Global Ventures[1]	(29)	(58)	49%
Total business operating profit	**(830)**	**(796)**	**(4%)**

1 Includes only central initiatives.

Group Functions and Operations reported net expenses of USD 830 million, a 4 percent increase compared with the prior year. This was mainly driven by higher interest rates.

Non-Core Businesses

in USD millions, for the years ended December 31	2023	Restated 2022	Change
Zurich Legacy Solutions	3	(230)	nm
Other run-off	(41)	(59)	30%
Total business operating profit	**(38)**	**(288)**	**87%**

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 38 million for 2023, compared with a loss of USD 288 million in 2022. The prior year was unfavorably impacted by adverse movements on run-off portfolios.

Financial update

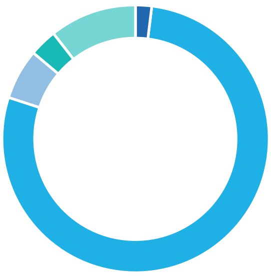
Balance sheet review

Total assets and liabilities:
The total assets of the Group stood at USD 361 billion in 2023 compared with USD 335 billion in 2022, mainly driven by the increase in the market valuation of unit-linked investments due to improving interest rates and market conditions.

The completion of the acquisition of the agency brokerage business by Farmers Group, Inc. increased goodwill and other intangible assets by USD 586 million.

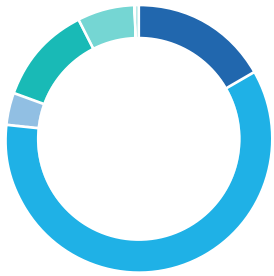
The Group also reclassified USD 23.8 billion of assets and 23.9 billion of liabilities as held for sale, reflecting the proposed sale of the German Life back book and other capital optimization actions. These factors, including an increase in liabilities related to insurance reserves and redemption of debt, also drove an increase in the total liabilities for the Group to USD 335 billion in 2023 from USD 309 billion in 2022.

Group assets
Total assets as of December 31, 2023
(in USD millions)



Cash and cash equivalents	**7,280**
Total investments	**282,110**
(Re-)insurance contract assets	**22,522**
Intangible assets	**11,529**
Other assets	**37,941**

Group liabilities and equity
Total liabilities and equity as of December 31, 2023
(in USD millions)



Liabilities for investment contracts	**60,270**
(Re-)insurance contract liabilities	**217,466**
Debt	**13,749**
Other liabilities	**43,617**
Shareholders' equity	**24,860**
Non-controlling interests	**1,419**

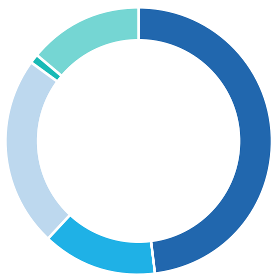
Shareholders' equity:
The Group's shareholders' equity was USD 24.9 billion compared to USD 26.2 billion (restated for impacts of IFRS 9 transition) in prior year, primarily driven by the payment of the Group dividend of USD 3.9 billion and USD 1.8 billion of treasury share transactions, mainly related to the completion of the share buyback program announced in August 2022. These impacts were partially offset by net income attributable to shareholders of USD 4.4 billion and a USD 0.7 billion net favorable movement in unrealized gains and losses.

Treasury and capital management

The Group's balance sheet remains very strong, as demonstrated by S&P and Moody's financial strength ratings for Zurich Insurance Company Ltd of AA with a stable outlook and Aa3 with a positive outlook, respectively (as of February 14, 2024). In addition, as of January 1, 2024, the Group's estimated SST ratio[1] remained very strong at 233 percent.

During the year the Group saw net remittances of USD 4.8 billion. The level of remittances has been driven by both operational earnings and the Group's efforts to extract excess capital from its operating businesses.

Net cash remittances by business
for the year ended December 31, 2023
(in USD millions)



Property & Casualty	**3,261**
Life	**941**
Farmers	**1,557**
Non-Core Businesses	**(63)**
Group Functions and Operations	**(939)**

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

Financial update (continued)

Significant transactions in 2023

Acquisition of the agency brokerage network by Farmers Group, Inc.

On December 28, 2023, Farmers Group, Inc., a wholly owned subsidiary of the Group, acquired three brokerage entities (Kraft Lake Insurance Agency, Inc., Western Star Insurance Services, Inc. and Farmers General Insurance Agency, Inc.) from the Farmers Exchanges, along with the flood servicing business of the Farmers Exchanges, for USD 760 million. The acquisition included access to the distribution networks of the Farmers Exchanges via an agency access agreement as well as the rights to renewal commissions on existing business.

The preliminary opening balance sheet is presented within note 4 of the consolidated financial statements.

Kotak Mahindra General Insurance Company Limited

On November 2, 2023, the Group entered into a strategic alliance with Kotak Mahindra Bank Limited, through the proposed acquisition of a 51 percent stake in Kotak Mahindra General Insurance Company Limited for USD 488 million, through a combination of fresh growth capital and share purchase. Furthermore, Zurich will acquire an additional stake of up to 19 percent over time. The transaction is subject to regulatory approvals and is expected to complete in the first half of 2024.

Being a responsible taxpayer

The shareholders' effective tax rate increased to 25.0 percent for the period ended December 31, 2023 compared with 23.5 percent for the same period of 2022. The increase was driven primarily by less favorable developments in the geographical profit mix and higher non-recoverable withholding taxes in 2023, whereas 2022 benefited from a significant favorable impact from changes in statutory tax rates, particularly in the UK.

Message from our Group Chief Investment Officer

> With a resilient portfolio and a disciplined investment approach, Zurich keeps delivering strong results throughout the challenging landscape of 2023. At the same time, we have made considerable progress towards our interim 2025 climate targets.

Dear Shareholder

In 2023, the world grappled with tragic loss of life in conflicts in Ukraine and the Middle East. Additionally, inflation remained a persistent challenge throughout the year, although we began to see encouraging signs that it had peaked and was coming under control. Dramatic policy tightening by global central banks left interest rates at levels not witnessed in decades and created challenges for corporate funding and for the real estate sector. The regional banks in the U.S. came under particular pressure, requiring swift and opportune intervention by the U.S. Federal Reserve to restore order and avert a potential banking crisis.

Despite these challenges, the global economy proved surprisingly resilient. While global growth was subdued, the U.S. economy proved to be robust and avoided a much-feared recession, while growth stalled in

Message from our Group Chief Investment Officer (continued)

Europe and China's economy stagnated. Although inflation fell significantly during the year, led by disinflationary energy, goods, and food prices, service and wage inflation remained elevated. Financial markets experienced a volatile 2023, but were lifted toward the end of the year as hopes that inflation had been tamed and policy rates would fall bolstered investor confidence.

Navigating with stability

Throughout 2023, Zurich's investment portfolio displayed stability. It benefited from a risk taking approach of continued judicious risk versus reward, as well as from its defensive stance within credit risk taking. Our fixed income portfolio is composed of 95 percent securities with a rating of BBB– or higher. Notably, we navigated the U.S. regional and Credit Suisse banking crises in the first half of the year without any direct impact of note. Our investment portfolio remains purposefully well diversified, with our investments spanning across regions and industries and with a balanced approach to risk taking across asset classes.

Robust net investment income

In 2023, our net investment income increased to USD 5.4 billion, compared to USD 5.1 billion in the previous year. This increase was primarily driven by higher interest rates earned on debt securities and increased rental income from our real estate holdings, which supported our investment income throughout the year.

Realized capital losses and revaluations resulted in a net loss of USD 696 million, with the gains made from the equity portfolio offset by losses from debt securities held as fair value through profit and loss and the revaluations of real estate portfolio due to higher interest rates.

Overall, our net investment result in the profit and loss statement for 2023 amounted to USD 4.7 billion. The total return of all Group investments, including changes in unrealized gains, was 6.3 percent. Additionally, the market risk capital required in support of our investments only increased slightly during 2023.

Delivering on our climate targets

During 2023, our responsible investment strategy saw considerable progress toward our 2025 interim targets. Since 2019, the Group has achieved a 43 percent reduction in emission intensity in our listed equity and corporate bonds portfolios. These reductions were driven by changes in portfolio composition and structural emission reductions of investee companies. The energy and utility sectors saw emission reductions mainly driven by the companies themselves. We also saw a reduction in emissions intensity for our real estate portfolio, where changes in energy supply, modernization measures and building management resulted in a 25 percent reduction compared with the 2019 baseline year (based on 2022 figures).

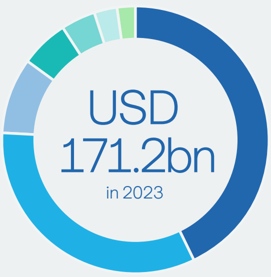
We further increased our share of investments in climate solutions, i.e. investments in economic activities that contribute to climate change mitigation (including enabling activities) or adaptation. The increase was mainly driven by additional investments in green bonds and investments in green certified buildings. The Group's impact investing portfolio of USD 7.9 billion helped avoid 4.5 million metric tons of CO_2e emissions and benefited 4.6 million people in 2023.

We strongly believe that simply divesting from companies with carbon-intense footprints is less effective than engaging with them to drive the shift to sustainable practices. On that journey with our investee companies, we have engaged with 60 percent of emitters of financed emissions that have not yet set science-based targets.

In terms of ESG products, the Zurich Carbon Neutral World Equity Fund, launched in 2021, is aligned with the goals of the Paris Agreement and had net inflows of EUR 267 million in 2023, with assets under management reaching EUR 591 million as of December 2023.

Stephan van Vliet
Group Chief Investment Officer

Total investments,[1] 2023



Credit, private debt	43.0%
Government and government guaranteed	33.0%
Real estate	9.0%
Cash	6.0%
Equities	4.0%
Mortgages	3.0%
Hedge funds, private equity	2.0%

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

Rating of credit, private debt securities, 2023

AAA	17.0%
AA	15.0%
A	28.0%
BBB	32.0%
Non-investment grade	7.0%
Unrated	0.0%

Credit and private debt securities per segment, 2023

Non-financial credit	32.9%
Financial credit	25.3%
Municipals, agencies, state credit	16.8%
Other	11.6%
Asset backed securities	8.0%
Covered bonds	5.4%

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