IFRS 17 at Zurich

An introductory guide for investors and analysts

September 27, 2022
Investor presentation
Zurich Insurance Group

Key messages

No major impact given nature of our business	Adoption of IFRS 17 not expected to significantly change the Group's earnings; ~75% of Group BOP is either unaffected or subject to the simplified approach (PAA)
Shareholders' equity impacts	Classification of risk adjustment and Contractual Service Margin (CSM) as liabilities, partially offset by other adjustments
Limited changes for P&C	P&C accounting will primarily be based on the PAA, with limited changes versus IFRS 4, bringing better comparability across lines of business
Improved Life disclosures	Overall earnings level remains largely unchanged. However, profit signatures may vary from IFRS 4. IFRS 17 will improve visibility on profit emergence
Farmers largely unaffected	Farmers' fee business unaffected by IFRS 17; Farmers Life and Farmers Re will be treated consistently with the Group's Life and P&C businesses, respectively
Cash and capital generation remain strong	No impact on cash remittances and SST ratio. No change to dividend policy

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Roadmap to IFRS 9 / 17 at Zurich

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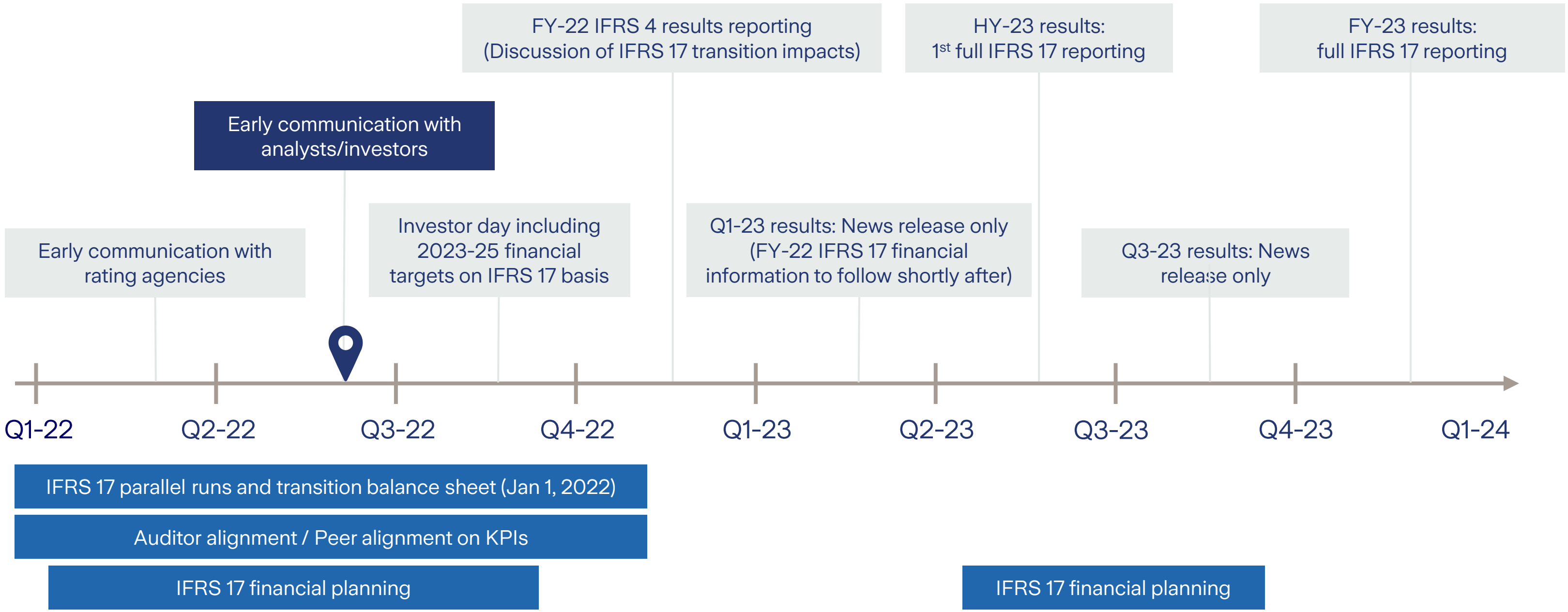

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Choice of measurement model based on qualitative considerations and eligibility assessment

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APPROACH

GROUP'S GENERAL RULE:

P&C insurance → PAA[1]

Used for ~99% of P&C GWP

Life insurance[2] → BBA/VFA[1]

Used for ~75% of Life reserves and investment liabilities

EXCEPTIONS CONSIDERED BASED ON:

- Contract boundary
- Management approach & KPIs
- Current accounting practice and actuarial methods/tools
- Materiality and operational considerations

ELIGIBILITY ASSESSMENT:

- Not needed for BBA approach (IFRS 17 default model)
- Needed in order to adopt the simplified approach (PAA)

EXAMPLES

JAPAN P&C: PERSONAL ACCIDENT

BBA

NORTH AMERICA P&C: WORKERS' COMP

PAA

LATIN AMERICA LIFE: SANTANDER JV PROTECTION

PAA

AUSTRALIA LIFE: PROTECTION

BBA

1 PAA: Premium Allocation Approach; BBA: Building Block Approach; VFA: Variable Fee Approach.

2 Excluding Life investment contracts, which are accounted based on IFRS 9. A modification of the BBA approach (i.e., Variable Fee Approach, or VFA) is discussed in the Life section of this document.

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We have chosen options that reflect underlying economics and provide stability of earnings to the greatest extent possible

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Stability of earnings | Operational simplification | Recognition of underlying economics

KEY ACCOUNTING CHOICES		RATIONALE
DISCOUNT RATES/ OCI[3] OPTION	• Bottom-up approach: risk free rate plus illiquidity premium[1] • December 2021 forward curve used for historical years pre-2015 in P&C[2] • Disaggregation of impact of changes in discount rates between P&L and OCI[3]	
RISK ADJUSTMENT	• Percentile approach, based on SST target level of ≥160%, with a periodical review of cost of capital • Disaggregation of impact of changes in risk adjustment for non-financial risk between P&L and OCI[3]	
EQUITIES FVTPL[4]	• We will not use the option to designate equity securities at fair value through OCI[3], with consequent impact on NIAS	
LEVEL OF AGGREGATION	• Application of annual cohorts for traditional savings business (mainly in Continental Europe)	Optional exemption not applicable outside of the EU
TRANSITION APPROACH	• Fully retrospective approach for recent cohorts; modified retrospective approach preferred alternative • >80% of CSM based on retrospective approach, <20% on fair value approach	

1 Illiquidity premium not applied for onerous contracts.
2 December 2021 forward curve for pre-2014 claims for North America P&C. Depending on transition approach, different dates apply for certain Life portfolios.
3 Other Comprehensive Income.
4 Fair Value Through Profit and Loss.

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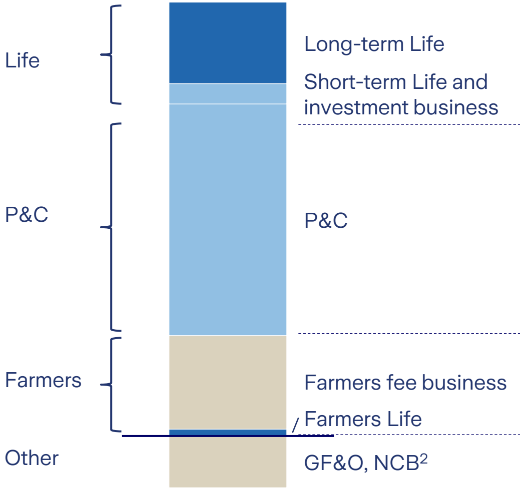
IFRS 17 expected to have a limited impact on earnings and revenue; greater impact on liabilities and equity

PROFIT & LOSS

IFRS 4 BUSINESS OPERATING PROFIT (BOP)

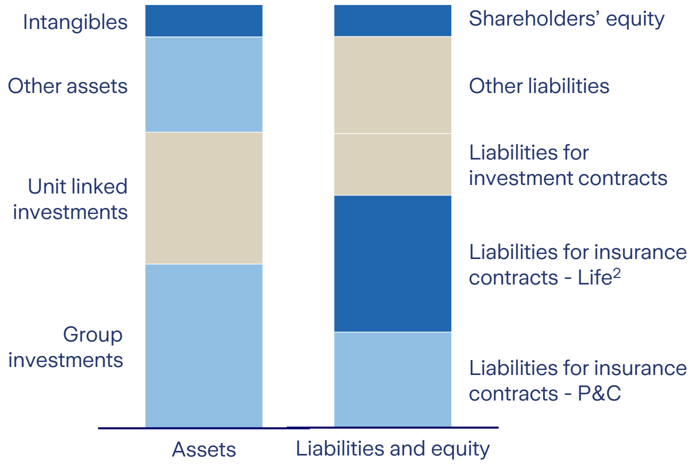


REVENUE

- Introduction of Insurance revenue, which excludes NDIC[1]
- Introduction of Insurance revenue, similar to today's gross earned premium
- Fee business: no change
- Farmers Life: as for Life business
- No change

BALANCE SHEET

IFRS 4



No impact | Limited impact | Greater impact

1 Non-Distinct Investment Components.
2 Group Functions and Operations, Non-Core Businesses.

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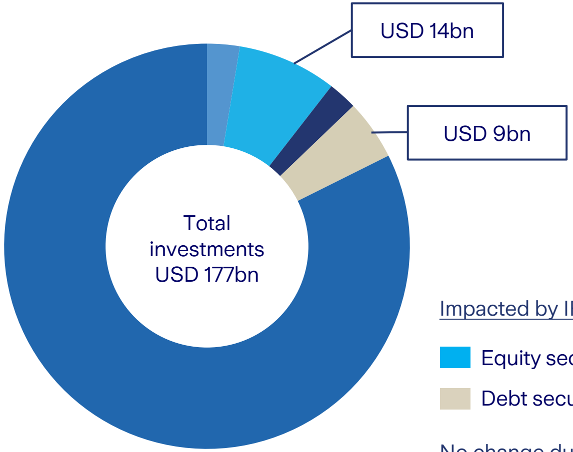
IFRS 9 will not introduce changes to BOP, some additional volatility in NIAS expected

GROUP INVESTMENTS IN SCOPE OF IFRS 9 (JAN 1, 2022)



Impacted by IFRS 9:

- Equity securities FVTPL ~8%
- Debt securities FVTPL ~5%

No change due to IFRS 9: ~87%

- Equity securities FVTPL
- Debt securities FVTPL
- Debt securities/Loans FVOCI or AC

IFRS 9 ADDRESSES FINANCIAL INSTRUMENTS THAT UNDERPIN AND FUND IFRS 17 INSURANCE LIABILITIES

- Unrealized gains and losses for most debt securities[1] continue to be recorded through Other Comprehensive Income (OCI)
- Low volume of debt securities that fail Solely Payments of Principal and Interest (SPPI) test, measured at Fair Value Through P&L (FVTPL)
- Equities measured at FVTPL, with 40% of them backing direct participating contracts. Impact reported in NIAS, not affecting BOP
- Expected Credit Loss (ECL) allowance not material in the Group context, as the portfolio is predominantly investment grade
- Effective date and transition date: January 1, 2023 on a prospective basis, comparatives not restated[2]

1 Excludes debt securities not passing the Solely Payment of Principal and Interest (SPPI) test which will be measured at FVTPL and those designated at fair value through profit or loss to avoid accounting mismatches.
2 Selected elements of IFRS 9 are reflected in the January 1, 2022 transition balance sheet, mainly related to the valuation of certain assets booked at amortized cost into fair value through Other Comprehensive Income.

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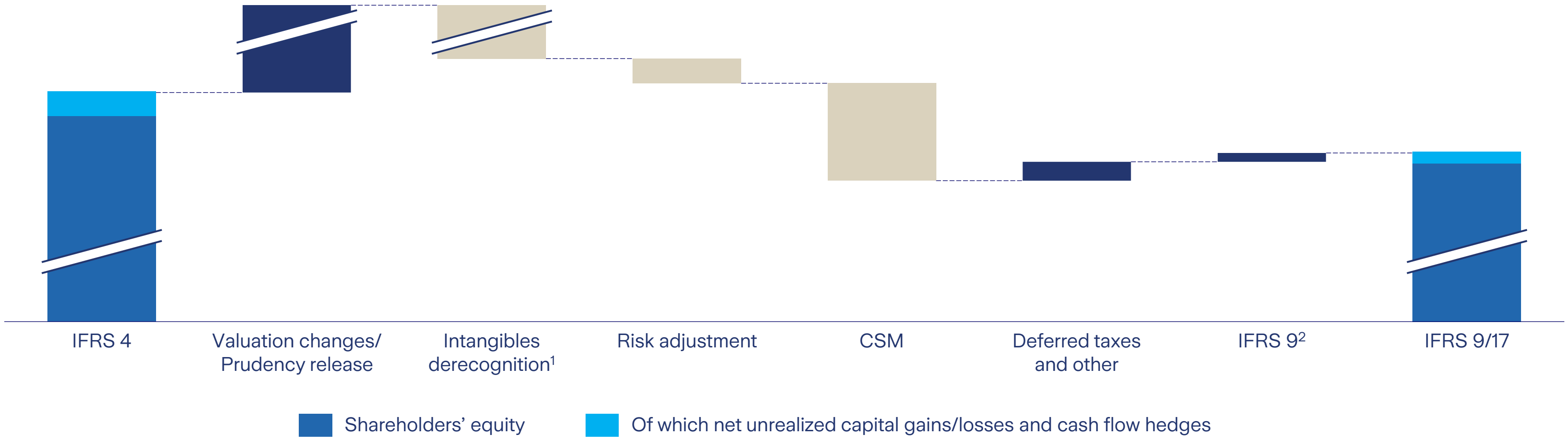
Change in equity at transition mainly driven by introduction of CSM and active discounting of long-term liabilities

GROUP SHAREHOLDERS’ EQUITY WALK IFRS 4 to IFRS 9/17



1 Deferred Acquisition Costs (Life and P&C long-term Accident & Health) net of Deferred Front-End Fees.
2 IFRS 9 impact partially included on transition to IFRS 17 (January 1, 2022), partially included as of January 1, 2023.

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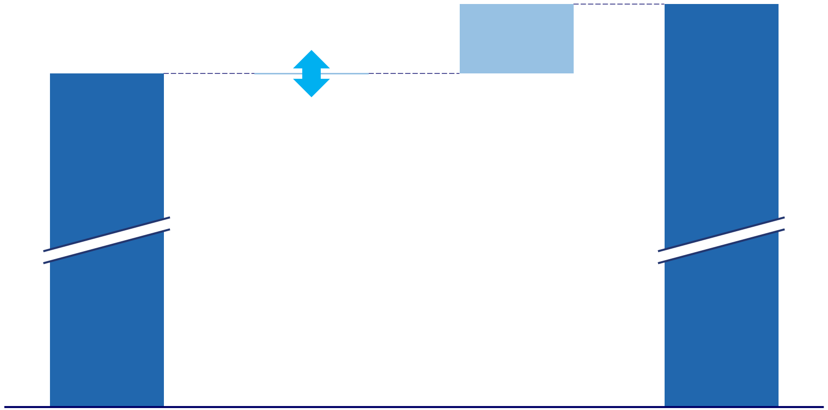
Return on equity will be higher due to impact on denominator

DEFINITION

$$\frac{\text{BOP after tax}}{\text{Average of adjusted shareholders' equity (i.e., adjusted for net unrealized gains/losses and cash flow hedges)}}$$

- Level and definition of BOP after tax in the numerator expected to be largely unchanged[1]
- Average shareholders' equity will be adjusted for unrealized gains and losses related to both assets and liabilities
- Fixed income will be the only asset class to drive unrealized gains and losses in equity

EXPECTED IMPACT



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[1] Amortization of M&A related intangibles to be excluded from BOP under IFRS 17.

Our disclosure going forward will focus on a similar set of KPIs

Business	IFRS 4 KPIs	IFRS 17 KPIs	IFRS 9/17 impact[1]	Comments
Group	• BOP	• BOP	◀▶	To exclude amortization of M&A intangibles
	• NIAS	• NIAS	◀▶	To include fair value changes of equity securities
	• BOPAT ROE	• BOPAT ROE	▲	Higher due to impact on shareholders' equity
	• SST	• SST	◀▶	No direct impact
	• Cash remittances	• Cash remittances	◀▶	No direct impact
P&C[2]	• GWP	• GWP	▼	Single parent captives accounted on a net basis
	• NEP	• Insurance revenue	n.a.	NEP no longer reported
	• Combined ratio	• Combined ratio	▲▼	Net impact dependent on discount rates and mix
	• BOP	• BOP	◀▶	Timing of profit recognition influenced by discounting
Life[2]	• APE, GWP incl. deposits, Net inflows	• PVNBP[4], Insurance revenue, Net inflows	n.a.	PVNBP[4] for long-term life, Insurance revenue for short-term life, Net inflows for investment contracts
	• NBV	• NB CSM	n.a.	
	• BOP	• BOP	◀▶	
Farmers	• Farmers Exchanges GWP[3]	• Farmers Exchanges GWP[3]	n.a.	No impact
	• FMS MGEP margin	• FMS MGEP margin	n.a.	No impact
	• BOP	• BOP	n.a.	No impact

1 Directional impact post transition, all other factors being equal. Does not take into account the impact of acquisitions and disposals.
2 P&C KPIs also apply to Farmers Re, reported under Farmers. Life KPIs also apply to Farmers Life, reported under Farmers.
3 For all the references to Farmers Exchanges see the disclaimer and cautionary statement.
4 Present Value of New Business Premiums.

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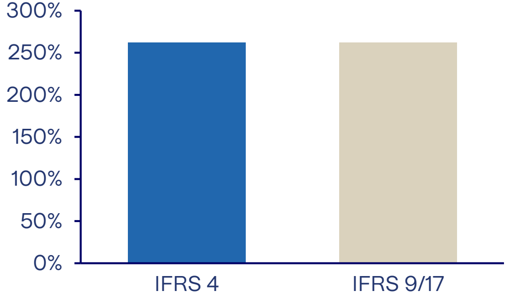
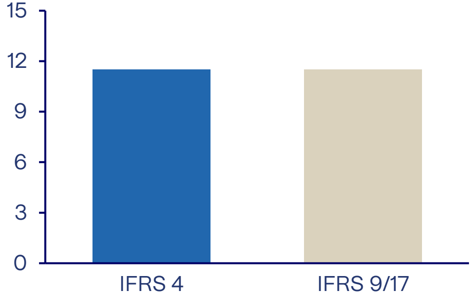
IFRS 9/17 introduction has limited impact on Group's capital and cash; economic leverage position unaffected

SST RATIO (%)



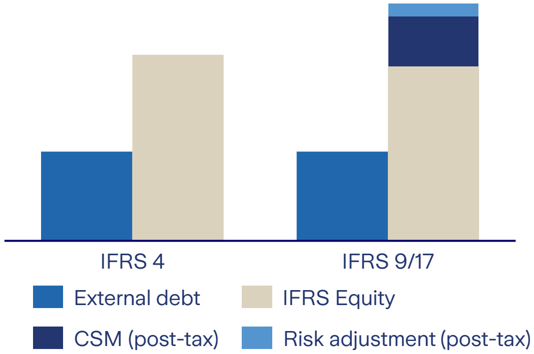
- No direct IFRS 9/17 impact expected given SST is based on a market consistent balance sheet applying economic valuation principles
- Limited second order impacts expected from IFRS exposure inputs used for the target or available capital calculation

CASH REMITTANCES (USDbn)



- Adoption of IFRS 17 for local statutory or tax accounting may have limited impacts on distributable earnings or corporate taxation for a small number of local entities

LEVERAGE



- Economic leverage to remain unchanged post IFRS 17 transition
- CSM and risk adjustment expected to be included in IFRS 17 equity base when deriving leverage given loss absorbing characteristics

No impact on dividend

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Key messages

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Cash and capital generation remain strong	No impact on cash remittances and SST ratio. No change to dividend policy

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IFRS 17 at Zurich

P&C

Key messages

Limited change	P&C accounting will primarily be based on the simplified approach (PAA), with only limited changes vs. IFRS 4, both in terms of disclosure and key financial metrics
New elements	Main new elements introduced by IFRS 17 are the risk adjustment as an allowance for uncertainty, the discounting of claims reserves[1] and recognition of loss component
Presentational differences	Insurance revenue will be the key revenue metric and the basis for combined ratio calculation; limited change expected in the level and composition of the combined ratio
Consistent strength of reserves	Strength of reserves not expected to change as we move to IFRS 17; reserve releases will in future reflect the impacts of discounting and risk adjustment
Better comparability	Discounting of liabilities improves combined ratio comparability across lines of business; we do not anticipate this to result in any change in our target business mix

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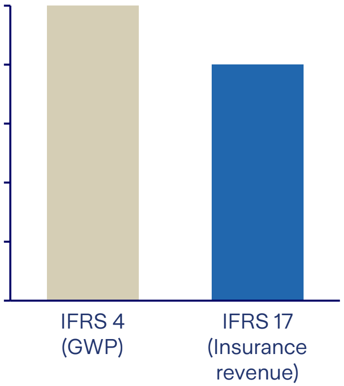
1 Under IFRS 4 only a small portion of claims reserves is discounted.

Limited impact on P&C financials

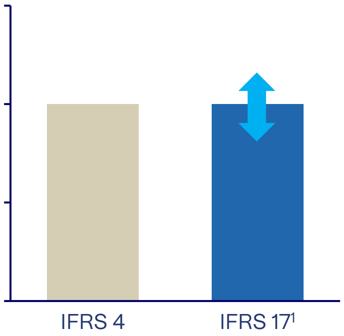
ILLUSTRATIVE

TOPLINE



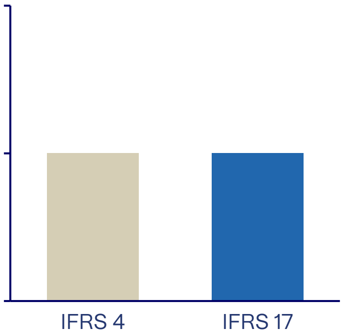
- Insurance revenue expected to be lower than IFRS 4 GWP (slide 17)
- GWP expected to remain as a KPI

COMBINED RATIO



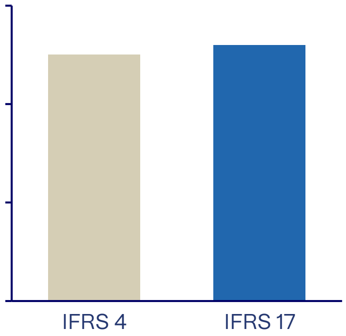
- All else equal, slightly higher (when <100%) due to different presentation of underlying components (slide 21)
- This may be offset by the net impact of discounting and risk adjustment

BOP



- Not expected to be materially different

SHAREHOLDERS' EQUITY



- Expected to increase marginally, mainly due to discounting of reserves, partially offset by risk adjustment

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[1] Adjusted to include technical non-qualifying expenses, reported as part of the other result (slide 16).

IFRS 17 P&L structured by key sources of profit; reinsurance result presented separately

IFRS 4 SIMPLIFIED P&L

IFRS 4	BOP key components
Revenues	Net earned premiums
	Net investment result
	Other income
Expenses	Net insurance benefits and losses
	Underwriting and acquisition costs
	Administrative and operating expenses
	Interest credited to policyholders and other interest
	Other expenses
Non-controlling interests	
Business Operating Profit (BOP)	

IFRS 17 SIMPLIFIED P&L

IFRS 17	BOP key components
Insurance service result	Insurance revenue
	Insurance service expenses
	Reinsurance result
Net investment result	Net investment result on Group investments
	Insurance finance expenses
Fee result	Fee income and expenses
Other result	Other income and expenses
Non-controlling interests	
Business Operating Profit (BOP)	

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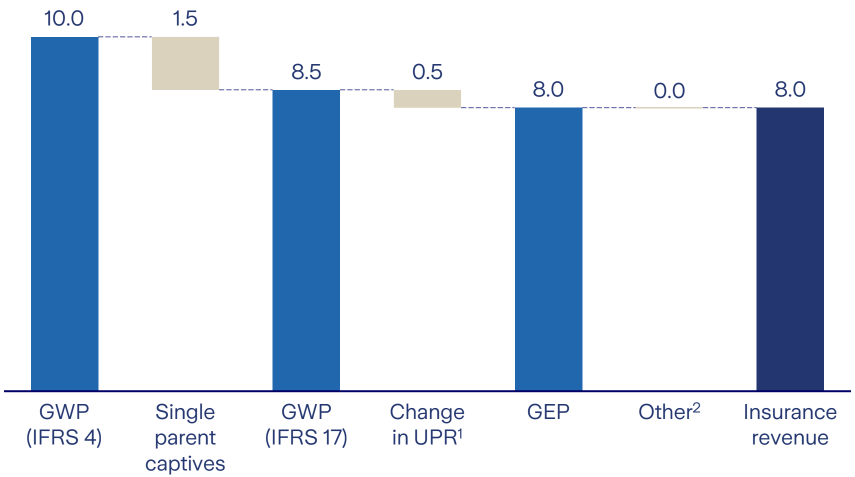
Insurance revenue comparable to gross earned premiums

REVENUE (ILLUSTRATIVE)



COMMENTS

- Gross Written Premiums (GWP) will no longer appear in the P&L, but will be kept as a revenue KPI
- Insurance revenue is reported gross of reinsurance[3] and is comparable to Gross Earned Premium (GEP)
- Premiums for single parent captives will be accounted on a net of reinsurance basis
- Insurance revenue will form the basis for combined ratio, hence: Insurance service result[4] = Insurance revenue x (1-combined ratio)
- Fee income (e.g., risk engineering fees) is shown separately under fee result

1 Unearned premium reserve.
2 Other differences between gross earned premiums and insurance revenue include effect of a significant financing component, commissions that are not contingent on claims for assumed business and investment components.
3 Except for single parent captives for which the direct premium is presented net of captive premium.
4 Insurance service result adjusted for technical non-qualifying expenses, which are expected to be shown within the other result in the P&L but included in the combined ratio calculation.

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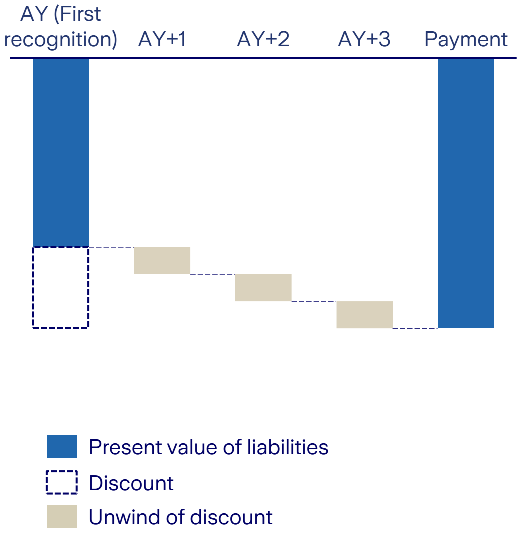
Claims reserves reflect the impact of discounting…

DISCOUNTING

- IFRS 17 cash flows (nominal reserves) are aligned with IFRS 4
- All IFRS 17 claims reserves are discounted, while with IFRS 4 only certain reserves were discounted[1]
- The discount is the difference between the present value (at locked-in accident year rates) and the nominal value
- Discounting leads to a change in the timing of profit recognition, not the overall level of profit

UNWIND



KEY IMPLEMENTATION CHOICES

YIELD CURVE CONSTRUCTION

- Bottom-up approach: risk free rate plus illiquidity premium[2]
- December 2021 forward curve used for historical years pre-2015[3]

CURRENT vs. LOCKED-IN RATES

- Locked-in accident year rates used for discounting in P&L
- Financial effects from change in interest rates recognized in Other Comprehensive Income (OCI)
- This choice limits volatility in the P&L

1 Mainly related to annuities, certain workers' compensation reserves. and hyperinflation accounting.
2 Illiquidity premium not applied for onerous contracts.
3 Except for North America which uses December 2021 forward curve for pre-2014 claims.

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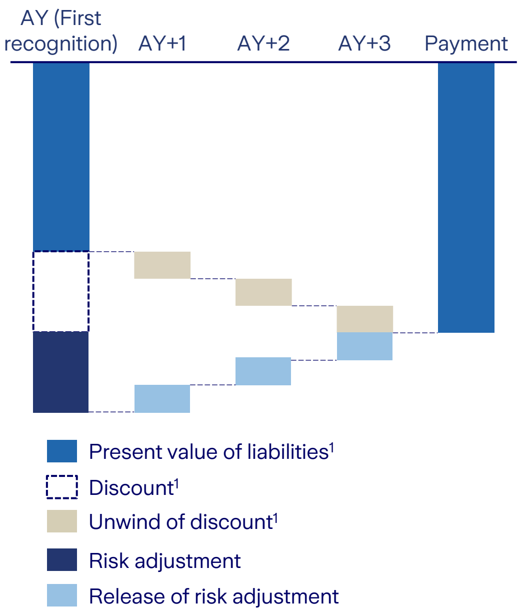
…and an allowance for uncertainty

RISK ADJUSTMENT

- Reflects the uncertainty related to timing and amount of cash flows arising from non-financial risks
- Unfavorable impact on current accident year claims
- Release of risk adjustment has a favorable impact on prior year development
- Higher for volatile and long-tail lines of business

UNWIND / RELEASE



KEY IMPLEMENTATION CHOICES

CAPITAL FRAMEWORK

- Percentile approach, based on SST and calibrated for cost of capital
- Periodical review of cost of capital
- Consistent approach used for Life and P&C, different percentiles
- Group diversification applied

APPLICATION

- For P&L, applied to discounted reserves based on locked-in rates
- For B/S, applied to discounted reserves based on current rates, interest rate change recognized in OCI

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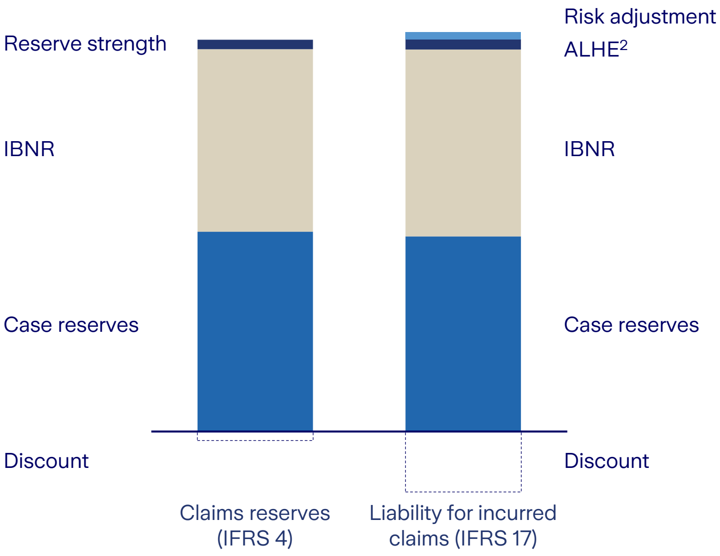
[1] See previous slide.

Strength of reserves consistent as we move to IFRS 17

CLAIMS RESERVES (HY-22)[1]



COMMENTS

- Under IFRS 4, only a small portion of reserves are discounted. Hence, a release of reserves generally has 1:1 impact on P&L; Under IFRS 17, a release of reserves will be impacted by the discount and risk adjustment, so no longer 1:1
- Discounting and risk adjustment directionally tend to offset each other, with the net impact depending on business mix, level of discount rates, and factors underlying the risk adjustment calculation
- Allowance for Limited Historical Experience (ALHE) mechanism under IFRS 17 is similar to Solvency II ENID (Events Not In Data). ALHE is a nominal figure and subject to discounting and risk adjustment
- We do not anticipate material changes to the strength of our reserves as we move to IFRS 17

1 Including loss adjustment expenses.
2 Allowance for Limited Historical Experience.

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Calculation on a net/gross basis leads to small difference in the reported combined ratio

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ILLUSTRATIVE NUMBERS

IFRS 4

P&L view

Gross earned premiums 100	-	Earned premiums, ceded 30	=	A	Net earned premium 70
Benefits and losses, gross 60	-	Benefits and losses, ceded 15	=	B	Benefits and losses, net 45
Technical expenses, gross 30	-	Ceding commissions 10	=	C	Technical exp., net 20
Gross result 10	-	Reinsurance result 5	=		Underwriting result 5

Loss ratio (net) = B / A = 64%

Expense ratio (net) = C / A = 29%

Combined ratio (net) 93%

IFRS 17

P&L view

A	Insurance revenue 100					
B	Ins. service exp. – Losses, gross[1] 60					
C	Ins. service exp. – Expenses[2], gross 30					
	Gross result 10	-	D	Reinsurance result[3] 5	=	Insurance service result[2] 5

Loss ratio (net) = (B + D) / A = 65%

Expense ratio (gross) = C / A = 30%

Combined ratio (net/gross) 95%

[1] Including the impact of discounting and risk adjustment, assumed to fully offset each other in this example for illustrative purposes.
[2] Adjusted to also include any technical non-qualifying expenses reported as part of the other result.
[3] Reinsurance premiums net of ceding commissions less amounts recovered from reinsurance including the impact of discounting and risk adjustment.

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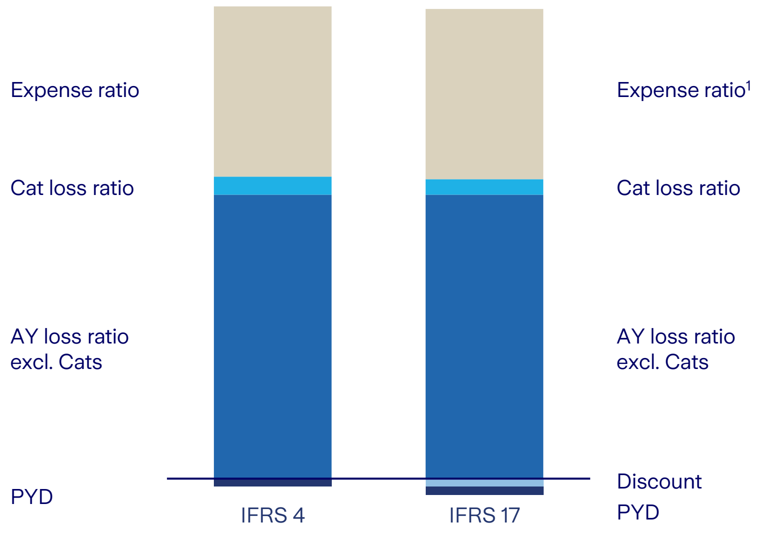
Limited changes to the level and composition of combined ratio

COMBINED RATIO BREAKDOWN (ILLUSTRATIVE)



COMMENTS

- Insurance revenue used as denominator in IFRS 17, resulting in slightly higher combined ratio (if underwriting profit is positive) all else equal, due to higher base
- Loss ratio components to be reported net of reinsurance
- AY loss ratio excl. Cats to include also the impact of reinsurance premiums, risk adjustment (on current AY), and changes to onerous contracts' loss component
- Prior Year Development (PYD) to include the unwind of prior years' risk adjustment

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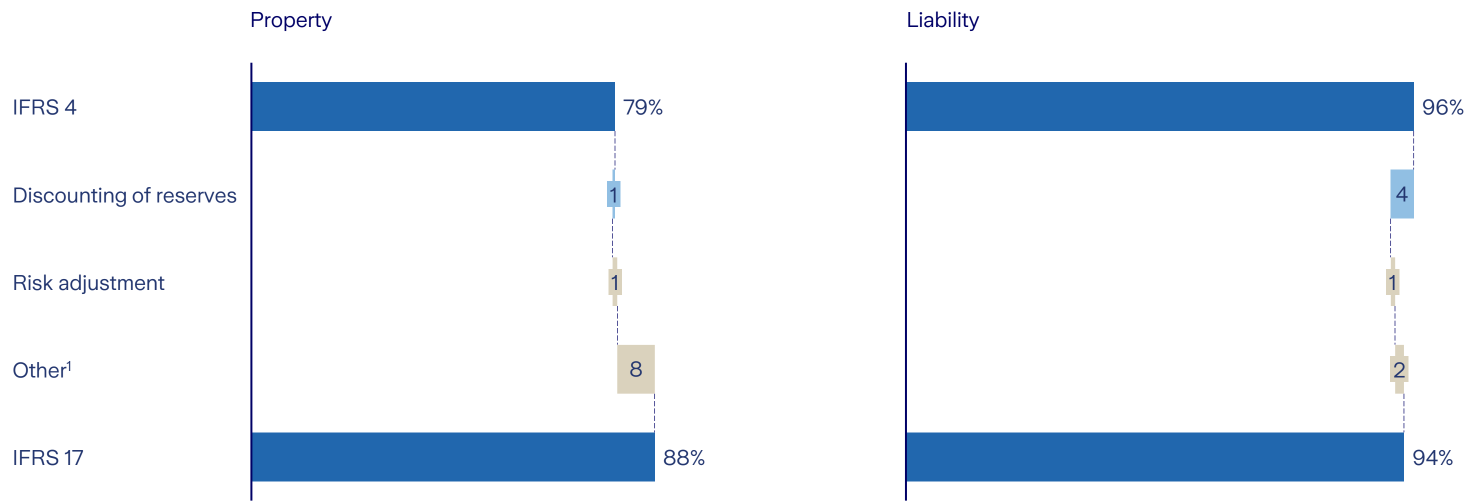
[1] Adjusted to include also technical non-qualifying expenses, reported as part of the other result (see slide 17).

IFRS 17 combined ratio more comparable across lines of business

SELECTED UNIT EXAMPLES OF ACCIDENT YEAR COMBINED RATIOS (HY-22)



Presentational difference, no impact on our risk appetite and lines of business' relative attractiveness

[1] Includes other impacts like change of reinsurance accounting within the ratio, and impact of using insurance revenue instead of net earned premium as denominator.

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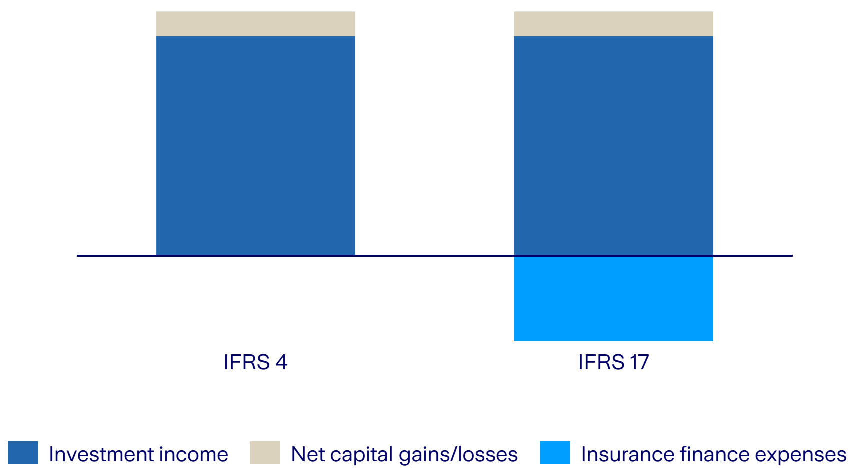
Investment result reflects an investment margin view by including the unwind of the discount of insurance liabilities

COMPONENTS OF INVESTMENT RESULT IN BOP (ILLUSTRATIVE)



COMMENTS

- P&C investment income unaffected by IFRS 17: mainly includes interest income, dividends and real estate rental income; net capital gains/losses refer to the fair value changes of the Group's P&C hedge fund portfolio
- Introduction of 'Insurance finance expenses' under IFRS 17 representing mainly unwind of the discounting of insurance liabilities
- IFRS 17 investment result includes both asset return and unwind of insurance liability discount which effectively reflects the investment margin
- The difference between locked-in rates and current rates for both fixed income assets and liabilities is recognized in OCI

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Presentational differences	Insurance revenue will be the key revenue metric and the basis for combined ratio calculation; limited change expected in the level and composition of the combined ratio
Consistent strength of reserves	Strength of reserves not expected to change as we move to IFRS 17; reserve releases will in future reflect the impacts of discounting and risk adjustment
Better comparability	Discounting of liabilities improves combined ratio comparability across lines of business; we do not anticipate this to result in any change in our target business mix

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1 Under IFRS 4 only a small portion of claims reserves is discounted.

IFRS 17 at Zurich

Life

Key messages

Earnings level largely unchanged	Adoption of IFRS 9/17 not expected to result in a material change to BOP; profit signature for long-term contracts will reflect a different treatment of economic and operating variances
Lower equity, higher ROE	Equity expected to be lower, mainly due to the recognition of future profits (CSM) as a liability
Accounting follows nature of contracts	Different measurement models are applied to life policies, following the characteristics of the underlying contracts
Improved visibility on profit emergence	Clear visibility on contribution from new business to balance sheet and profit emergence from long term portfolios
No impact on target business mix	The adoption of IFRS 9/17 will not result in any change in our target business mix

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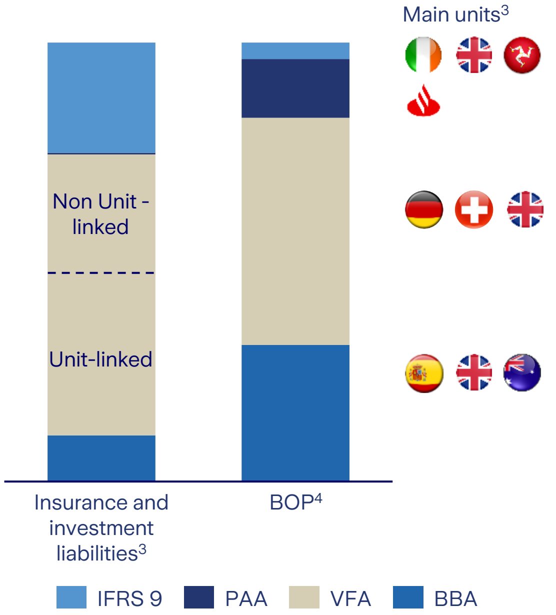
Different measurement models are applied for Life business following nature of contracts

MEASUREMENT MODELS

			Model	Protection	Unit-linked	Savings & annuities
Insurance contracts[1]	Participa-ting	Direct participating	VFA	✓[2]	✓	✓
		Indirect participating	BBA			✓
	Non-participa-ting	Long-term	BBA	✓		✓
		Short-term	PAA	✓		
Investment contracts			IFRS 9		✓	✓

SPLIT BY MEASUREMENT MODEL



[1] Including investment contracts with discretionary participation features.
[2] Mainly related to the protection part of certain corporate life and savings products.
[3] As of Jan 1, 2022 (Italian back book reclassified as held for sale not included). Based on net insurance liability (including CSM) and investment liabilities.
[4] Proxy based on HY-22 insurance service result, investment result, fee service result, income tax attributable to policyholders and non-controlling interests (other result not included).

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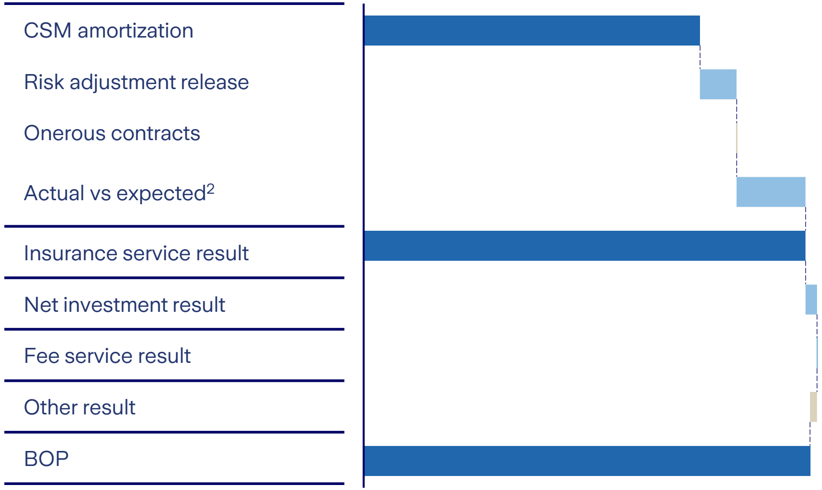
Under BBA, profits emerge mainly from CSM amortization, risk adjustment release, experience variances and investments

BUILDING BLOCK APPROACH (BBA)

WHY NEEDED	• IFRS 17 default measurement model for insurance contracts
MAIN PORTFOLIOS	• Long-term and whole life protection • Certain savings products (e.g., Spain) • Universal life
DISCOUNT RATES	• Locked-in rates
ECONOMIC VARIANCES	• Impact equity through Other Comprehensive Income (OCI)
OPERATING VARIANCES (current/past services)	• Directly impact P&L (insurance service result)
OPERATING VARIANCES (future services)	• Absorbed by CSM and amortized over time[1]

P&L VIEW (ASIA-PACIFIC COUNTRY EXAMPLE)



[1] Unless the contract becomes onerous, in which case the loss is recognized immediately in the P&L without smoothing over the remaining duration of the contract.
[2] Premiums, claims and expenses.

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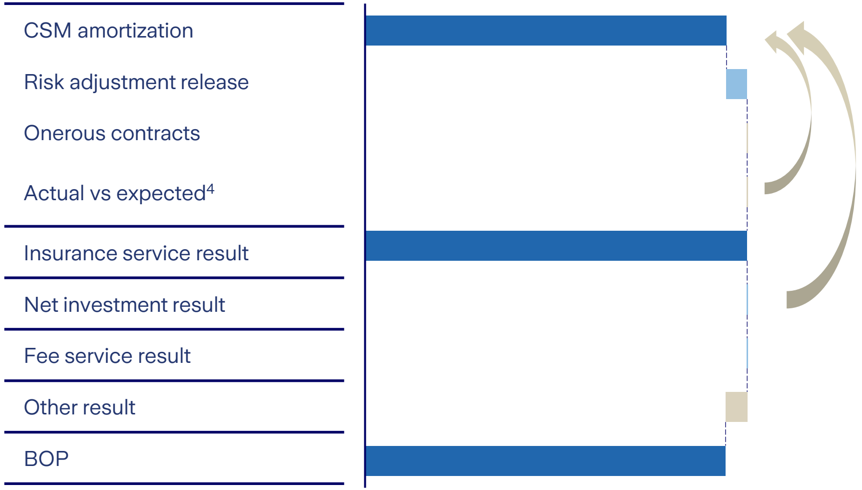
VFA accounting reflects changes in market variables in the CSM, thereby smoothing the impact on P&L

VARIABLE FEE APPROACH (VFA)

WHY NEEDED	• Participating business where payments to policyholders are linked to underlying items
MAIN PORTFOLIOS	• Unit-linked • Continental Europe traditional savings • UK with-profits contracts
DISCOUNT RATES	• Current rates
ECONOMIC VARIANCES	• Absorbed by CSM and PVFCF[1] and amortized over time[2]
OPERATING VARIANCES (current/past services)	• Absorbed by CSM and PVFCF[1] and amortized over time[2,3]
OPERATING VARIANCES (future services)	• Absorbed by CSM and PVFCF[1] and amortized over time[2]

P&L VIEW (CONTINENTAL EUROPE COUNTRY EXAMPLE)



[1] Present value of future cash flows.
[2] Unless the contract becomes onerous, in which case the loss is recognized immediately in the P&L without smoothing over the remaining duration of the contract.
[3] Direct P&L impact for unit-linked and some traditional participating contracts.
[4] Premiums, claims and expenses.

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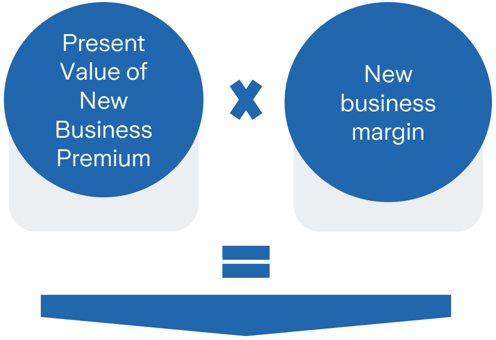
IFRS 17 brings increased visibility on new business and in-force amortization for long-term life business

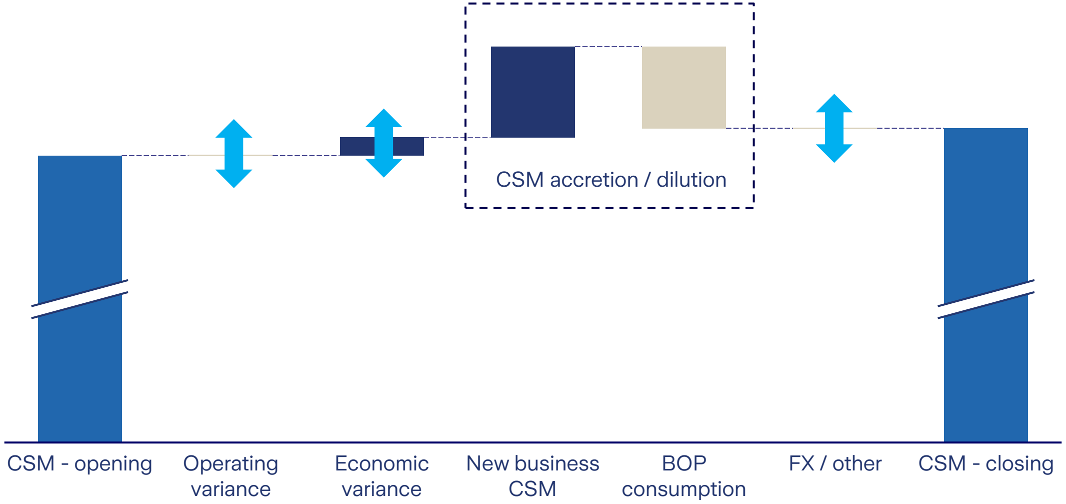
NEW BUSINESS CSM



New business CSM

Covers insurance contracts accounted for under BBA and VFA only

IN-FORCE CSM (ILLUSTRATIVE)



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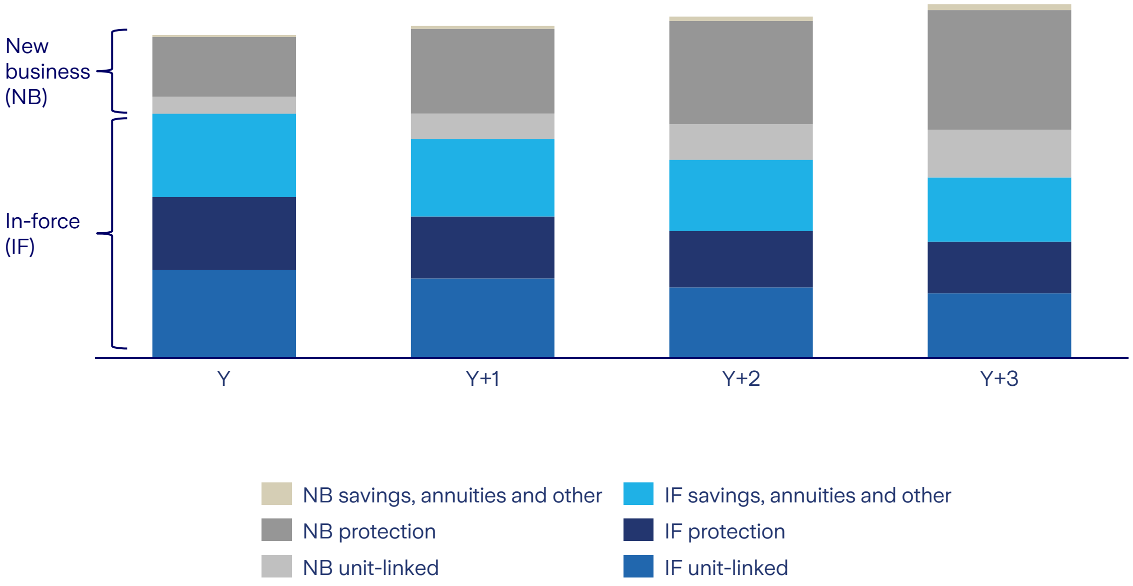
Due to our business mix, protection and unit-linked account for ~75% of CSM amortization

CSM AMORTIZATION



COMMENTS

- Share of direct participating business, accounted for using the VFA approach, declining over time due to changes in business mix
- Announced back book disposals expected to further accelerate the shift
- Protection and unit-linked with faster amortization compared to traditional life

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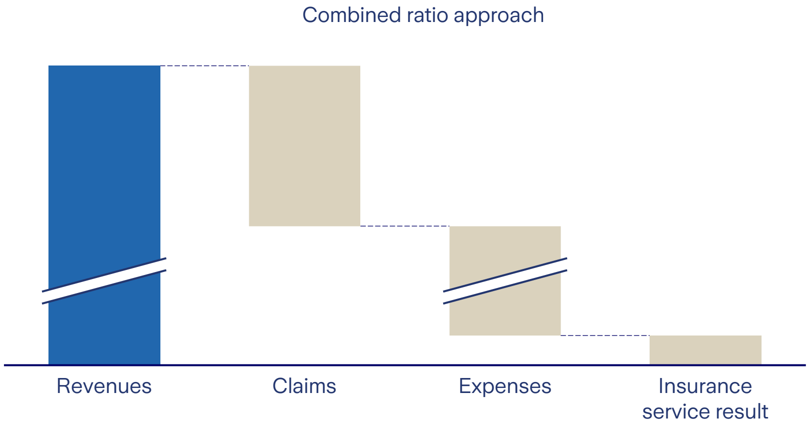
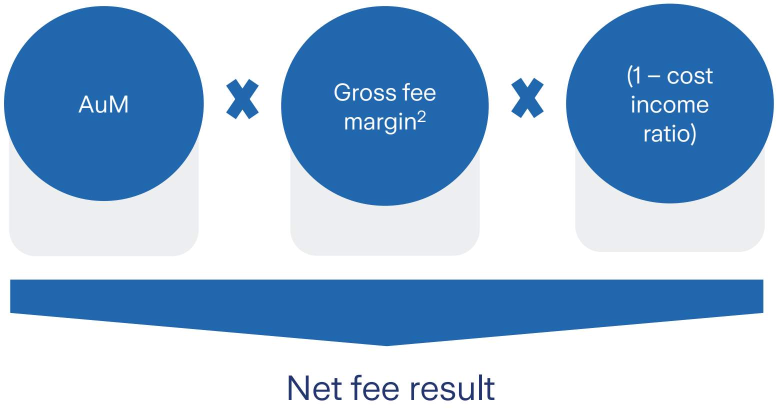
Short-term Life business is similar to P&C; Fee result largely driven by investment contracts and 3rd party investments

LIFE PAA – SHORT-TERM LIFE (ILLUSTRATIVE)



Life PAA business is concentrated in Latin America of which a significant share relates to the Zurich Santander JV

FEE BUSINESS CONTRIBUTION OF INVESTMENT CONTRACTS AND 3RD PARTY INVESTMENTS[1]



Fee result largely driven by investment portfolios in Ireland, UK, Australia, Zurich International Life and 3rd party investments in Switzerland

1 Fee income of 3rd party investments mainly relates to Vita foundation in Switzerland.
2 Also includes fees not linked to AuM (e.g., transaction fees).

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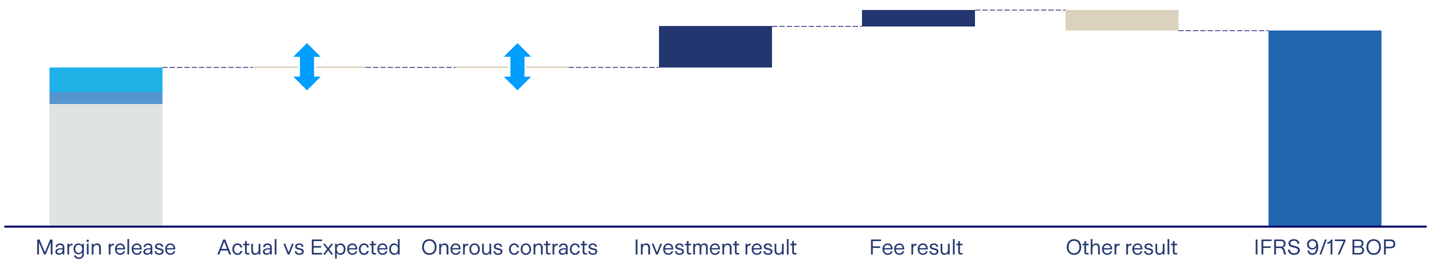
IFRS 17 introduces clear visibility on profit emergence

BOP BREAKDOWN (ILLUSTRATIVE)



RELEVANCE BY MEASUREMENT MODEL:

	Margin release	Actual vs Expected	Onerous contracts	Investment result	Fee result	Other result	IFRS 9/17 BOP
Investment contracts (IFRS 9)					✓	✓	
Short- term (PAA)	✓		✓	✓		✓	
Long-term (BBA)	✓	✓	✓	✓		✓	
Long-term – Direct particip. (VFA)	✓	✓	✓			✓	

PAA technical result (short-term Life)[1] | Risk adjustment release | CSM amortization (long-term Life)

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[1] Gross of non-qualifying expenses, which are reported in other result.

Life investment result primarily driven by contribution of short-term Life and non-participating business

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INVESTMENT RESULT BY MEASUREMENT MODEL (ILLUSTRATIVE)

	LIFE TOTAL	IFRS 17 BBA / PAA	IFRS 17 VFA NON UNIT-LINKED		IFRS 17 VFA UNIT-LINKED	IFRS 9 INVESTMENT CONTRACTS
Recognized in BOP						
Group investment result	1,000	150	550	Expected excess return reflected in CSM	50	250
Insurance finance result	-900	-50	-550		-50	-250
BOP	100	100	~0[2]		~0	~0
Recognized in Net income						
Investment result	4,250	50	200		2,000	2,000
Finance expense	-4,200	0	-200		-2,000	-2,000
Net income	50	50	0		0	0

Investment result with direct impact on BOP and net income[1]

Net fee income for VFA unit-linked and net investment result for VFA non unit-linked reflected in P&L through CSM amortization

Net fee income of investment contracts is reported under fee result

1 BOP includes yield income and hedge funds gains / losses. Investment gains / losses related to real estate and equity instruments are part of net income.
2 Insurance finance result may deviate from the Group investment result for VFA non unit-linked given the policyholder participation of risk / expense result is disclosed as part of the insurance finance result, while the corresponding shareholder participation is part of the insurance service result.

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Profit signatures vary with market impacts, operating variances, actuarial assumption updates and one-offs

DIRECTIONAL VIEW ONLY

	IFRS 4	IFRS 17
MARKET IMPACTS	Direct BOP impact through: • AuM fees for Unit-linked contracts • Remeasurement of DAC / DFEF[1] • Liability adequacy events Limited BOP impact: • Non unit-linked contracts due to application of locked-in assumptions	Direct BOP impact: • Investment contracts and PAA • Onerous contracts CSM impact and amortization through BOP: • Direct participating contracts OCI impact in equity only: • All other insurance contracts
OPERATING VARIANCES/ ASSUMPTION UPDATES	Direct BOP impact: • Past and current services • Liability adequacy events Limited BOP impact: • Future services[2]	Direct BOP impact: • PAA contracts • Past and current services for businesses accounted for through BBA • Onerous contracts Indirect BOP impact through CSM amortization: • Future services for businesses using BBA • Business accounted for through VFA[3]
OTHER ONE-OFFS (e.g., reserve releases)	Direct BOP impact	Smoothed P&L impact for BBA and VFA, as mainly absorbed by CSM and amortized over time into BOP (for businesses accounted for through VFA)

1 DAC: Deferred acquisition costs; DFEF: Deferred front end fees.
2 In a few geographies, operating variances or assumptions updates can lead to a direct BOP impact given the application of local GAAP principles.
3 Direct P&L impact for unit-linked and some traditional participating contracts for operating variances relating to past / current services.

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Key messages

Earnings level largely unchanged	Adoption of IFRS 9/17 not expected to result in a material change to BOP; profit signature for long-term contracts will reflect a different treatment of economic and operating variances
Lower equity, higher ROE	Equity expected to be lower, mainly due to the recognition of future profits (CSM) as a liability
Accounting follows nature of contracts	Different measurement models are applied to life policies, following the characteristics of the underlying contracts
Improved visibility on profit emergence	Clear visibility on contribution from new business to balance sheet and profit emergence from long term portfolios
No impact on target business mix	The adoption of IFRS 9/17 will not result in any change in our target business mix

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Biographies

George Quinn
Group Chief Financial Officer

Nationality: British
Born: 1966

Skills and experience

George Quinn started his career at KPMG 1988 in London, where he held several positions working with the insurance and reinsurance industry. He joined Swiss Re in 1999 as Group Chief Accounting Officer based in Zurich and later served as Chief Financial Officer (CFO) for Swiss Re Group's financial services. Mr. Quinn became the regional CFO for Swiss Re Americas based in New York in 2005. In March 2007 he became Swiss Re Group's CFO. Mr. Quinn joined Zurich in May 2014 as Group CFO and is a member of the Executive Committee.

External appointments

Mr. Quinn is a member of the finance chapter of the Swiss-American Chamber of Commerce.

Educational background

Mr. Quinn holds a degree in engineering from the University of Strathclyde. He is also a member of the Institute of Chartered Accountants in England and Wales.

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Karthik Thilak

Head of Group Financial Accounting & Reporting

Nationality: Swiss

Born: 1984

Skills and experience

Karthik Thilak started his professional career as an auditor in India. He then moved to financial consulting at Infosys Technologies in India and then Switzerland, where he held several positions working with clients across industries in finance transformation. He joined Zurich in 2012 as a Finance Business Analyst in the Finance Transformation department, where he held various roles and led the rollout of Zurich's Global Finance Core. In October 2017, he was appointed Finance Program Director to lead Zurich's adoption of IFRS 17 and 9 standards.

In 2020, he became the Head of Financial Accounting and Reporting and a member of the Finance Executive Team. In this role, he oversees Zurich's financial, sustainability, regulatory reporting, and digital finance and data management.

External appointments

None

Educational background

Mr. Thilak holds a degree in commerce from the University of Madras. He is also a member of the Institute of Chartered Accountants of India.

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Acronyms

Key acronyms used throughout the presentation

AC	Amortized Cost
ALHE	Allowance for Limited Historical Experience
APE	Annual Premium Equivalent
AuM	Assets under Management
BBA	Building Block Approach (General Model)
BOP(AT)	Business Operating Profit (After Tax)
CSM	Contractual Service Margin
DAC	Deferred Acquisition Costs
DFEF	Deferred Front End Fees
ECL	Expected Credit Losses
ENID	Events Not In Data (Solvency II)
FRA	Fully Retrospective Approach
FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit and Loss
GWP	Gross Written Premiums
IF	In-Force
LLP	Last Liquid Point
MGEP margin	Managed Gross Earned Premium margin
MRA	Modified Retrospective Approach
NBM	New Business Margin
NBV	New Business Value
NDIC	Non-Distinct Investment Components
NIAS	Net Income Attributable to Shareholders
OCI	Other Comprehensive Income
PAA	Premium Allocation Approach
PAR business	Participating business
PVNBP	Present Value of New Business Premiums
ROE	Return On Equity
SPPI	Solely Payment of Principal and Interest test
SST	Swiss Solvency Test
UFR	Ultimate Forward Rate
UL	Unit-linked
UPR	Unearned Premium Reserve
VFA	Variable Fee Approach

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For further information

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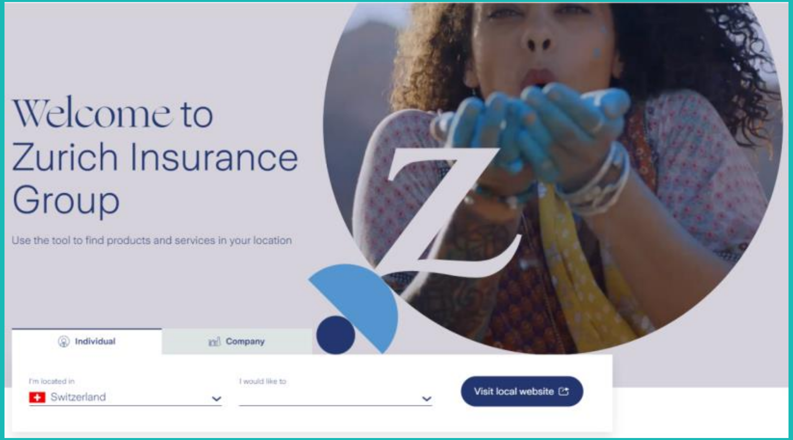

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Thank you

UPCOMING EVENTS

- November 10, 2022: Update for the nine months ended September 30, 2022
- November 16, 2022: Investor Day, Zurich

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