Zurich Insurance Company Ltd.

(Singapore Branch)

MAS Notice 124 Disclosures

For the financial year ended 31 December 2024

Contents

a) Who we are and what we do

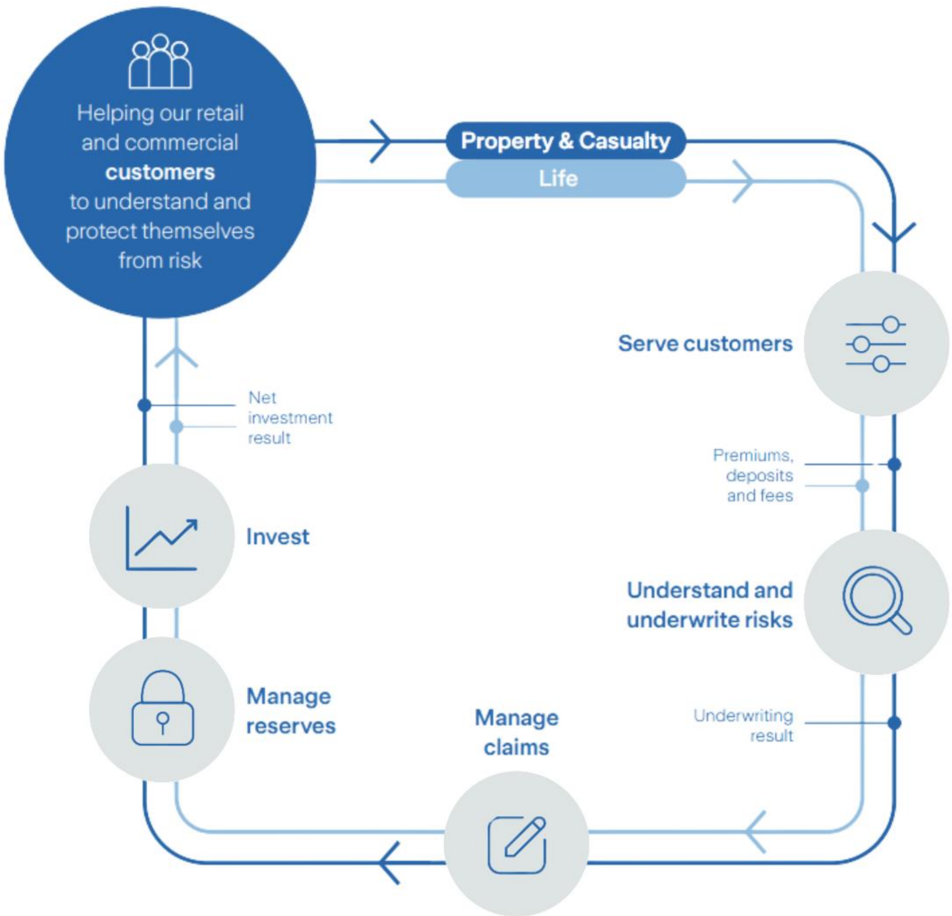
Zurich Insurance Group (Zurich) is a leading global multi-line insurer founded more than 150 years ago, which has grown into a business serving more than 75 million customers in more than 200 countries and territories, while delivering industry-leading total shareholder returns.

Reflecting its purpose to 'create a brighter future together,' Zurich offers protection services that go beyond traditional insurance, to support its customers in building resilience. Since 2020, the Zurich Forest project supports reforestation and biodiversity restoration in Brazil's Atlantic Forest.

The Group has more than 63,000 employees and is headquartered in Zurich, Switzerland. Zurich Insurance Group Ltd (ZURN) is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt (ZURVY) program, which is traded over-the-counter on OTCQX. Further information is available at www.zurich.com.

Zurich Business Model

For over a century and a half, our business has evolved to deliver value to all our stakeholders.



With a rich heritage spanning more than 150 years, Zurich has established itself as a trusted partner in managing risks and providing innovative insurance solutions.

In Property & Casualty, we offer insurance coverage for businesses and individuals. This includes commercial auto, property, liability, specialty, and workers' compensation products, as well as personal lines insurance, such as motor and home coverage. We receive premium payments and pay claims. Additionally, we invest the premium payments to generate returns and further support our insurance operations.

Serve customers. We continuously expand our network, making products, services and solutions available to customers through many channels: directly, or indirectly via brokers and agents, and in cooperation with third parties including banks, travel providers, retailers, rental agreements and car dealerships.

A strong, global partner network is vital to our success, and this requires developing and curating our relationships.

The success of our business and the satisfaction of our customers are founded on the activities described below, from pricing risk to settling claims quickly. Trusted customer relationships mean we are better able to provide advice and solutions that meet the individual needs of our customers in an evolving risk landscape.

Understand and underwrite risks. Insuring risks is central to what we do. Our underwriting expertise, knowledge, and skill, accumulated over decades of experience and backed by a wealth of data, gives us the ability to assess, understand and quantify risks at all levels of complexity. This enables us to offer fairly priced, appropriate insurance solutions to our customers, as well as provide insights to support them in managing their risks and mitigating potential losses.

As trusted long-term partners, we stay close to our customers to better understand their individual needs and, where possible, equip them with the right tools to navigate any challenges they face. We have deployed technology throughout the organization to improve how we engage with our customers and support our underwriters in providing a superior service. We constantly make improvements to the day-to-day environment for our underwriters by seeking and acting on their feedback. This reduces turnover and mean we can retain talented and experienced people within the organization, helping us to maintain the strong technical capabilities our customers expect.

Manage claims. It is vital our customers have faith and confidence in our ability to fulfil our commitments. Experience and a reputation built over decades mean our customers can trust us to use our expertise to support them in their time of need, responding swiftly, keeping them informed throughout their journey, and settling the claim fairly.

We are constantly seeking new ways to respond to our customers' expectations of service, offering a choice of communication channels and self-service capabilities. We innovate to respond to their changing needs and enhance the sustainability of the services we deliver. We strive to deliver insights to customers to help them mitigate and even avoid future losses.

We systematically analyze customer feedback using a range of engagement opportunities, including net promoter system (NPS) programs, not only as part of our claims process but throughout all key customer touchpoints.

Manage reserves. Our Group-wide policy, the 'Zurich Way of Reserving,' with well-defined standards and conservative approach, is the basis for how we calculate insurance liabilities. Our reserving process is supported by strong governance, including extensive internal and external reviews.

Invest. Our income includes returns from invested premiums, policy fees and deposits. Our success as a business is important to those who depend on us to pay claims reliably, as well as investors who look to us to deliver savings returns and operate our business responsibly.

Zurich's approach to managing investments aims to maximize risk-based returns relative to the Group's liabilities, while understanding emerging risks in challenging times. That is why we manage our assets responsibly and do this by integrating sustainability factors in our investment decisions.

Zurich Strategy

Raising the bar. Zurich Group is performing exceptionally well, generating market-leading shareholder returns, but we see new opportunities to accelerate our success story. To reflect our growing confidence, we have launched a new three-year plan with the most ambitious targets in Zurich's history.

The new 2025–2027 three-year plan is not a top-down financial plan. It is a business plan that unites the ideas of our business leaders across all regions and all business units.

The plan will build a Zurich that is fit for near-term performance and also stronger structurally and more competitive in the long term. With this in mind, it comprises new business priorities that will raise the bar across different businesses. The priorities build on several years of successful execution and growth, leveraging Zurich's unique market position and capitalizing on its underwriting expertise to ensure it stays ahead of the market.

We are implementing our customer-focused strategy to benefit all our stakeholders, while transforming our business to drive long-term profitable growth.

- Customers. Zurich's ambition is to be the insurer of choice by building meaningful relationships with customers and earning their loyalty.
- Simplification. We are simplifying our business and operations, reducing unnecessary complexity to make better use of resources.
- Innovation. We are evolving to meet customers' expectations and needs.

Zurich in Singapore

Zurich Insurance Company Ltd (Singapore Branch) (the "branch") operates as a brand of the Zurich Insurance Company Ltd (incorporated in Switzerland), a wholly-owned subsidiary of the Zurich Insurance Group. The branch's presence in Singapore dates to 2006 and currently has a specialist team of more than 170 employees on the ground.

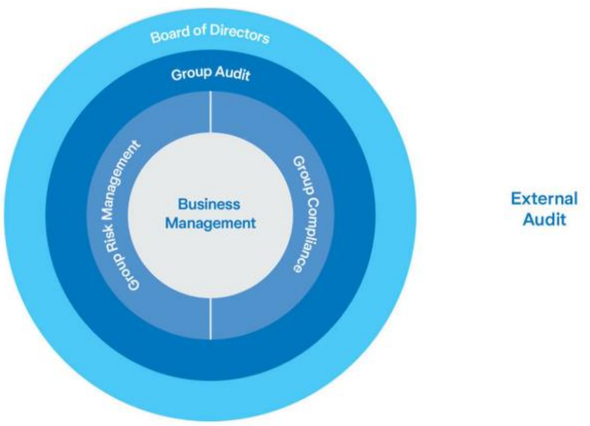
Zurich is one of the top general insurers in Singapore specializing in complex risks, and international insurance programs and personal risks. Its key lines of business encompass Travel, Accident & Health, Casualty, Construction, Financial Lines, Global Energy, Marine and Property. The branch provides a wide range of insurance offerings including commercial for commercial and corporate customers, as well as to individuals, under its general insurance entity, Zurich Insurance Company Ltd (Singapore Branch).

b) Governance Matters

Governance at the Group Level

An effective structure is in place providing for cooperation between the Board of Directors of Zurich Insurance Group Ltd, management and internal control functions. This structure establishes checks and balances and is designed to provide for institutional independence of the Board from the Group Chief Executive Officer (Group CEO) and the Executive Committee (ExCo) which together are responsible for managing the Group on a day-to-day basis. The Board of Directors of Zurich Insurance Group Ltd is composed entirely of independent non-executive members. The roles of Chairman of the Board of Directors and CEO are separated, thus providing for separation of powers between the functions and ensuring the autonomy of the Board.

Three lines of defense at Zurich Insurance Group
as of December 31, 2024



Zurich uses the three-lines-of-defense model in its approach to enterprise risk management. This model runs through Zurich's governance structure, so that risks are clearly identified, assessed, owned, managed, and monitored.

1st line: Business Management

The first line of defense consists of business management and all functions except Group Risk Management, Group Compliance and Group Audit. The first line takes risks and is responsible for day-to-day risk management (i.e., risks are identified and monitored, mitigation actions are implemented, and internal controls are in place and operating effectively).

2nd line: Group Risk Management and Group Compliance

The second line of defense consists of the two control functions, Group Risk Management and Group Compliance.

Group Risk Management is responsible for supporting the development, implementation and maintenance of Zurich's Enterprise Risk Management and Internal Control Integrated Framework. The Group CRO regularly reports risk matters to senior management committees, the Group CEO and the Board's Risk and Investment Committee (e.g., in the form of quarterly risk reports and updates).

Group Compliance enables business management to manage its compliance risks by providing compliance solutions and independent challenge, monitoring and assurance related to relevant processes and controls, new business opportunities and complex transactions. Group Compliance is vertically integrated to support a global framework and is led by the Group Chief Compliance Officer, who reports directly into the Group CEO, while maintaining functional independence as second line of defense. The Group Chief Compliance Officer has direct access to the Audit Committee Chair and appropriate access to the Chairman of the Board.

3rd line: Group Audit

The role of Group Audit is to help the Board and ExCo to protect the assets, reputation and sustainability of Zurich. It does this by performing independent, risk-based and objective audit activities to systematically evaluate and challenge the adequacy and effectiveness of the Group's governance, risk management and internal controls.

The scope of Group Audit's mandate is unrestricted and spans the whole of Zurich and includes all activities undertaken within and on behalf of the Group.

The Group Chief Auditor reports functionally to the Audit Committee Chair and administratively to the Group CEO. Group Audit has no operational responsibilities for the areas it reviews and, to ensure independence, all Group Audit staff ultimately report to the Group Chief Auditor, while recognizing local legislation or regulation. Heads of Internal Audit for subsidiaries may have additional reporting lines to the local CEO and/or subsidiary audit committee or board.

Board

The Board is ultimately responsible for the supervision of the control and assurance activities.

External audit

The external auditors are responsible for auditing the Group's financial statements and for auditing Zurich's compliance with specific regulatory requirements. The Audit Committee regularly meets with the external auditors.

Corporate Governance Framework for Zurich Insurance Company Ltd (Singapore Branch)

The Branch is committed to effective corporate governance in line with the Group's framework.

Our Executive Committee (ExCo) and its responsibilities

as of December 31, 2024

Liam Burrell

Chief Executive Officer

Alexandra Cowley

Chief Underwriting Officer

Regina Wiedmann

Chief Financial Officer

Nandini Sharma

Chief Operations Officer

Aki Kokubo

Risk Officer

Amos Chan

Head of Compliance

Matthew Graves

Chief Claims Officer

John Bang

Head of Country Desk

(Customer Distribution and Marketing Department)

Richard Crown

Head of Human Resource

Divya Venugopal

General Counsel

The ExCo is responsible for the strategic direction of the Branch. Its principal functions include:

- Developing and approving the overall strategy;
- Ensuring our obligations to our stakeholders are met;
- Ensuring that we have adequate resources to execute the intended strategy;
- Ensuring that we maintain our financial strength and have sufficient economic resources to meet regulatory requirements;
- Providing oversight of risk appetite and to ensure that there are appropriate internal controls in place to adequately control and monitor risk such that it remains within our risk appetite;
- Ensuring that we remain true to our corporate values; and
- Approving all major new contractual arrangements that the Branch enters into. Such contracts may include large reinsurance transactions, significant outsourcing arrangements and investment management services.

The above functions cannot be delegated to another person or functional area of the Branch. The ExCo sets annual objectives and monitors the achievement of the Branch's objectives through regular committee meetings each month.

The ExCo is also responsible for ensuring compliance with applicable laws and regulations and is committed to dealing with the regulator in an open, cooperative, and transparent manner.

c) Risk Management

Objectives of risk management

Taking and managing risk is an integral part of the insurance business. Zurich manages and takes risks in an informed and disciplined manner and within a pre-determined risk appetite and tolerance.

The major risk management objectives at Zurich Insurance Group are to:

- Support achievement of its business strategy and protect capital, liquidity, earnings, and reputation by monitoring that risks are taken within the Group's risk appetite and tolerance.
- Enable the Board of Directors, senior management and other stakeholders charged with governance and oversight, to discharge their risk management responsibilities, including risk reporting and external disclosures.
- Support transparency in decision-making processes by providing consistent, reliable, and timely risk information.
- Enable a sound culture of risk awareness and disciplined and informed risk-taking.

Risk Management Framework

The risk management framework is based on a governance process that sets forth clear responsibilities for taking, managing, monitoring, and reporting risks. To support the governance process, the Branch relies on Group-wide policies and guidelines. The Zurich Risk Policy (ZRP) is a Group policy that articulates Zurich's approach to risk and sets mandatory requirements for risk management throughout the Group. The policy describes the Group's ERM framework and provides a standardized set of risk types. Risk- specific policy manuals provide requirements and procedures to implement the principles outlined in the ZRP. The Branch identifies, assesses, manages, monitors and reports risks that have an impact on the achievement of its business strategy and objectives by applying the Group's proprietary Total Risk Profiling™ (TRP) methodology. This methodology allows Zurich to assess risks in terms of severity and likelihood and supports the definition and implementation of mitigating actions. At both Group level and branch level, this is an annual process, followed by regular reviews and updates by management.

Various governance and control functions coordinate to help ensure that objectives are being achieved, risks are identified, and appropriately managed and internal controls are in place and operating effectively. This coordination and oversight activities are conducted through the Risk and Control Committee in the Branch.

Through these processes, responsibilities and policies, Zurich embeds a culture of disciplined risk taking across the Group. The Branch continues to consciously take risks for which it expects an adequate return. This approach requires sound judgment and an acceptance that certain risks can and will materialize in the future.

Risk Governance

The Chief Executive Officer ("CEO") oversees the overall Branch's performance with regard to risk management and control, strategic, financial, and business policy issues.

The Risk Officer provides the CEO with an independent assessment of risk management and supports the Branch's overall governance framework. The Risk Officer is a member of various committees and meetings, in order to provide a common and integrated approach to risk management, to allow for quantification and appropriate mitigation of risks identified in these committees. These committees and meetings include the following:

- Asset/Liability Management and Investment Committee (ALMIC) deals with the Branch's asset/liability exposure and investment strategies. This is chaired by the CEO and meets on a quarterly basis.

- Virtuous Circle (VC) seeks to share business knowledge and insights so that there is a common understanding in reserve analysis, financial plans, underwriting and pricing decisions. This committee is chaired by the CUO and meets on a quarterly basis.

- Reserve Committee (RC) is chaired by the chief regional actuary and local CFO to present and review the actuarial recommendations on the reserve projection. The committee provides a structure and forum for transparent and timely discussions on the loss reserving results on a quarterly basis.

- Information Governance Council (IGC) oversees information security and spans across a cross functional team of experts across Information Security, Operations, IT, Legal and Compliance, and Risk Management. This committee is chaired by the Information Governance Officer and meets on a quarterly basis.

- Outsourcing Committee (OC) provides operational oversight in relation to both new and existing outsourcing arrangements within the Branch. This is chaired by the COO and meets on a quarterly basis.

- Risk & Control Committee (RCC) oversees the Branch's risk governance framework, including risk management and control, risk policies and their implementation, as well as risk strategy, risk insights and robust monitoring. The Risk Committee also reviews the Branch's aggregate risk profile and ensures adherence to the Group's risk limits. This is chaired by the CEO and includes all assurance functions and key business leads.

- Executive Committee (EXCO) is responsible for the ultimate management across business strategy, finance, performance, and corporate governance. This is chaired by the CEO and members include all department heads across various functional areas.

Risk Governance by Risk Types

The governance framework for risk management is the reporting, escalation and delegation structure that ensures all risk is appropriately managed and the aggregate portfolio of risk held remains within risk appetite addressed by the Zurich Risk Policy.

1. Insurance Risk

Overview

Insurance risk refers to the potential for unexpected variations in the timing, frequency, or severity of insured events, leading to losses and adverse changes in the value of insurance liabilities. These deviations may stem from the inherent uncertainty of insured events, ineffective underwriting or accumulation management, or inappropriate product development, pricing, claims management, reserving, or reinsurance. Additionally, the profitability of the insurance business can be affected by unexpected changes in expenses, policyholder behavior, and fluctuations in new business volumes. The branch manages these insurance risks through:

- Specific underwriting and claims standards and controls.
- Robust reserving processes.
- Ceding insurance risk through proportional and non-proportional facultative and treaty reinsurance.

The following provides an overview of the Singapore's main lines of business:

- **Property** includes fire risks (for example fire, explosion, and business interruption), natural perils (for example earthquake, windstorm, and flood).
- **Liability** includes general/public and product liability.
- **Specialty lines** include financial lines, accident and health, construction, energy and marine.

A fundamental component of managing insurance risk is underwriting discipline. The Branch follows the Group's philosophy on underwriting strategy. The Group's underwriting strategy is to take advantage of the diversification of general insurance risks across lines of business and geographic regions. The Group seeks to optimize shareholder value by achieving its mid-term return on equity targets. Doing so necessitates a prudent, stable underwriting philosophy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility. At the core of the Group's underwriting is a robust governance process.

In line with Group policy the Branch implements four major processes for underwriting governance – underwriting strategy, authorities, referrals, and reviews.

From a governance perspective, the Branch sets limits on underwriting capacity, and cascades authority to individuals based on their specific expertise. The Branch sets appropriate pricing guidelines with a focus on consistent pricing across the organization. As part of these guidelines, the Branch requires the setting of a model price according to common standards. The model price is set in a way that allows a return on risk-based capital in line with the Group's target. The ratio of actual premium to model price is a key performance metric, which is monitored regularly. Technical reviews confirm whether underwriters perform within authorities and adhere to underwriting philosophies and policies. Also, the Branch has governance procedures to review and approve potential new products to evaluate whether the risks are well understood and justified by the potential returns.

Premium Risk

Premium risk that the Branch faces relate to the possibility that the premium collected from the insured is insufficient to cover the amount of claims payments as well as related expenses. This can arise if the assumptions in the pricing tools are not calibrated to reflect the cost of writing policies (claims and expenses) or deterioration in claims experience which have not been reflected in the pricing assumptions.

The branch uses pricing tools which have been developed by actuaries globally or regionally within the Zurich Group and calibrated for the Singapore experience. Different pricing tools are used across each line of business (e.g., property, casualty, financial lines).

Pricing tools are subject to actuarial reviews and follow a thorough peer review process as per Zurich internal guidelines.

Reserving Risk

The Branch faces the risk that actual losses emerging on claims provisions may be higher than anticipated. Because of this uncertainty, general insurance reserves are regularly measured, reviewed, and monitored. The total loss and loss adjustment expense reserves are based on work performed by qualified and experienced actuaries at the Local, Regional and Group level.

To arrive at the reserve estimates, the actuaries take into consideration, among other things, the latest available facts, historical trends and patterns of loss payments, exposure growth, court decisions, economic conditions, in particular inflation, and public attitudes that may affect the ultimate cost of settlement. Inflation is monitored on a country basis; the monitoring process relies on both Zurich's economic view on inflation and specific claims activity, and feeds into actuarial models and underwriting processes such as technical price reviews.

In most instances, these actuarial analyses are conducted at least twice a year for on-going business according to agreed timetables.

Catastrophe Risk

Understanding the potential effects of natural catastrophes is a critical component of risk management. While specific catastrophes are unpredictable, modelling helps to determine potential losses should a catastrophic event occur. The Group uses a combination of third-party and in-house models to manage its underwriting and accumulations in order to stay within intended exposure limits and to guide the levels of reinsurance required.

The Group models exposures in a center of excellence for consistency in approach and to form a global perspective on accumulations. The Branch works with the center of excellence to help improve the overall quality of data, by analyzing and comparing data quality levels, providing priorities for data quality improvements, and supporting implementation with advice and external data, where required. The Group models potential losses from property policies located in hazard-prone areas with material exposure. Other non-property related losses are quantified based on adjustments. The risk modelling principally addresses climate-induced perils such as windstorms, river floods, tornadoes and hail, and geologically induced perils such as earthquakes. The Branch uses the outputs from these models as a guide for the levels of reinsurance it needs to purchase.

In line with our capital and solvency requirements, we have built a reinsurance framework which leads us to place selected risks with Zurich Reinsurance Company Ltd (ZRe). Where circumstances change or matters come to our attention that significantly alter our view on our risk exposure of a particular policy or portfolio of policies, we will purchase reinsurance/retrocession cover to curtail potential losses such that they remain within our risk appetite.

Our reinsurance arrangements include proportional, non-proportional and facultative reinsurance.

2. Asset Liability Management Risk

Asset liability risk is the potential for unfavorable changes in the value of assets or liabilities that could adversely affect available financial resources due to movements in market or economic factors such as interest rates, equity prices or foreign exchange rates.

Asset liability management (ALM) is defined as the ongoing process of formulating, implementing, monitoring, and revising strategies related to assets and liabilities to achieve Zurich's financial objectives, for a given set of risk tolerances and constraints. Authority has been delegated to the Asset Liability Management Investment Committee (ALMIC) to manage ALM risk.

On a quarterly basis, ALMIC meetings are held to review the ALM risk report (ALMR) that details risk metrics e.g. (interest rate risk, equity risk, credit default risk, etc.), exposures and concentrations. Stress testing is also conducted on a periodic basis to understand the changes of key drivers and assess the overall impact on the portfolio.

The Chief Investment Officer monitors the investment portfolio and informs the Branch when there are significant market movements. Risk mitigation actions are taken (where necessary) to manage fluctuations affecting asset/ liability mismatch and risk-based capital.

As of 31 December 2024, the expected shortfall at 99% confidence level stood at SGD13 mil or translating to 2.7% of the total investment assets.

3. Investment Risk

Market Risk

Market risk is the risk associated with the Branch’s balance sheets positions where the value of investment assets or cash flow depends on financial markets. Applicable fluctuating risk drivers resulting in market risk to the Branch include interest rates, credit spreads and equity markets etc.

The Branch has policies and limits to manage market risk. It aligns its strategic asset allocation (SAA) to its risk-taking capacity. The Branch adopts a consistent approach by Group to portfolio construction, selection of external asset managers and aggregation of risk. The Branch has furthermore set a limit on the net interest sensitivity measured as DV10, which is the net monetary impact per 10bp move in interest rates.

Quarterly ALMIC meetings are also held to discuss the investment outlook, portfolio performance and investment strategies. The ALMIC committee reviews the relative and absolute performance of the portfolio, interest rate risk across various maturity buckets and adherences to the aggregate positions with risk limits.

As of 31 December 2024, the portfolio for the Branch was invested in fixed income and equities. The main drivers are interest rate risk, equity risk and credit default risk.

Asset Class	Actual Exposure	Lower Limit	SAA Target	Upper Limit
Government Bonds	60.85%	50.00%	61.00%	70.00%
Corporate Bonds	30.41%	20.00%	33.00%	42.00%
Equities	3.87%	0.00%	3.00%	10.00%
Cash	4.87%	0.00%	3.00%	10.00%
Net DV10 (mSGD/10bps)	0.96	0.00	1.00	1.50

Currency Risk

Currency risk is the risk of loss resulting from changes in exchange rates. The Branch operates internationally through Global Programs and therefore is exposed to the financial impact arising from changes in the exchange rates of various currencies. The Branch's reporting currency is Singapore dollars, but its assets, liabilities, income, and expenses are denominated in various currencies, with the most significant non-Singapore dollars currency exposure being the U.S. dollar.

On the local balance sheet there is the risk that a currency mismatch may lead to fluctuations in a balance sheet's net asset value. The Branch manages this risk by matching foreign currency positions on local balance sheet within prescribed limits. Residual local mismatches are reported centrally in order to make use of the netting effect across the Group. The Group then hedges residual mismatches from local balance sheet (the Branch) through a central balance sheet within an established limit. The monetary currency risk exposure on local balance sheet is considered immaterial. Additionally, a large part of the portfolio is denominated in Singapore dollars.

Credit Risk

Credit risk is the risk associated with a loss or potential loss from counterparties failing to fulfil their financial obligations. The Company's exposure to credit risk is derived from the following main categories of assets:

- Cash and cash equivalents
- Debt securities
- Reinsurance assets
- Receivables

As of 31 December 2024, cash and equivalents amounted to S$23 mil. From an investment credit risk perspective, the Branch invests in high quality debt securities. A to AAA rated fixed income investments accounted for approx. 93% of the portfolio as of 31 December 2024. No active purchases of sub investment grade bonds are allowed and there is no fallen angel bond in the portfolio.

As part of its overall risk management strategy, the Branch cedes insurance risk through proportional, non-proportional treaties as well as facultative reinsurance. While these cessions mitigate insurance risk, the recoverable from reinsurers and receivables arising from ceded reinsurance expose the Branch to credit risk. The Group also maintains a list of authorized reinsurers that the Branch needs to follow in selecting external reinsurers. As of January 2024, the majority of the Branch's reinsurance credit risk is rated AA and above.

From a receivables credit perspective, the largest exposure is related to brokers and arises where premiums are collected from customers to be paid to the Branch. The Branch has policies and standards to manage and monitor credit risk related to brokers and intermediaries. Our standard terms stipulate settlement of debts within 60 to 90 days of the premium due date, and we reserve the right to terminate cover for overdue payments.

As of 31 December 2024, the Branch's management has made a provision for receivables related impairment of S$4.1mil (2023: S$4.8mil) for premiums and claims recovery overdue more than 90 days as at year end.

Concentration Risk

Concentration risk is the risk that results in a financial loss due to an overexposure to a single counterparty, sector, etc.

The Branch adheres to the limits stated in Zurich Group Risk Policy and establishes sector limits and concentration limits by single issuer depending on the respective credit rating in the fixed income portfolio. Other than that, Investment mandates are set up to ensure the branch maintains a diversified fixed income portfolio.

The concentration of an individual issuer was 2.75 to 7 % of the total credit portfolio as of 31 December 2024, depending on the credit rating.

Credit Quality	Min. Limit	Max. Limit	Max Issuer Limit
AAA	0%	100%	7.00%
AA+	0%	100%	5.00%
AA	0%	100%	4.50%
AA-	0%	100%	4.25%
A+	0%	60%	4.00%
A	0%	60%	3.75%
A-	0%	60%	3.50%
BBB+	0%	30%	3.25%
BBB	0%	30%	3.00%
BBB-	0%	30%	2.75%

Derivatives and Hedging

Derivative usage within the Branch is restricted to currency hedging to manage the foreign currency exposure at the overall business unit level (not just the investment assets, but the receivables and payables of the entity with an FX exposure).

Other than the above, no derivates are currently approved to be used at the Branch. Approval of derivative programs must be obtained from the ALMIC and before initially performing any derivative transaction. The authorities and limits will be defined for each program separately. At the same time necessary approvals must be obtained in accordance with the Zurich Risk Policy.

4. Liquidity Risk

Liquidity risk is the risk that the insurer may not have sufficient liquid financial resources to meet its obligations when they fall due or would have to incur excessive costs to do so. The Branch's policy is to maintain adequate liquidity and contingent liquidity to meet its liquidity needs under both normal and stressed conditions. For the Singapore Insurance Fund, the Branch is also required to maintain adequate amount of liquid assets to cover its claims liabilities. This requirement is defined in MAS Notice 133 as 30% of the net claims liabilities of the fund. To achieve this, the Branch monitors and manages its liquidity needs on an ongoing basis.

Internal policies include forecasting the short- and mid- term cash requirements to meet Branch's liabilities and to determine the amounts to be invested in our investment portfolios. The Branch also monitors its solvency position continuously and will monitor key indicators that may trigger the need for additional capital from Zurich Insurance Company Ltd (Switzerland) within a defined timeframe. As per description in the Asset Liability Management Risk section the branch performs asset liability matching as part of our ALMIC meetings to align the duration of our investments in line with our insurance liabilities.

The branch also purchases adequate reinsurance cover to avoid volatile claims movements. The payment patterns for the liabilities are reviewed at least half yearly and any significant change in the mean term of payment of the liabilities will be discussed on various platforms such as the Reserve Committee meeting and ALMIC meetings.

The branch defines the total available liquidity sources as cash at bank, unencumbered investment portfolios that meet the criteria as per internal guidelines of assets with the ability to realize cash, credit facilities and letter of credit facilities and liquidity inflow like cash remittance from Zurich Insurance Company Ltd (Switzerland) and term deposits. Annual ALM liquidity test is performed to ensure the Branch has sufficient sources of liquidity (including cash, access to internal or external funding, operating cash flow, or assets that can be realized) to meet potential adverse liquidity needs (including claims, collateral or margin posting requirements where material) over 90-days and 2-year horizon under a stressed liquidity scenario.

Liquidity Scenario (in mSGD)	90 Days	2 Years
Available assets	215	215
Stressed value of assets	203	187
Less: Liquidity needs	25	186
Surplus	178	1
Liquidity Stress Test Ratio	801%	101%

As the portfolio is invested into high-quality assets which are liquid enough even under a stressed scenario, there should be no or limited change in the liquidity profile.

5. Operational Risk

Operational risk is the risk of financial loss or gain, adverse reputational, legal or regulatory impact resulting from inadequate or failed internal processes, people, systems, or from external events.

Zurich has operational risk processes to identify, assess, quantify, mitigate, report, and monitor operational risk within the Group. In addition, Zurich has specific processes and systems in place to focus on high-priority operational risks such as managing information security and third-party suppliers and operations.

The Branch has a comprehensive framework with a common approach to identify, assess, quantify, mitigate, monitor, and report operational risk. This framework, as set out by Group, is summarized below.

The holistic operational risk framework includes the following components:

- Operational Events Management - Documenting and evaluating operational events exceeding a threshold determined by the Zurich Risk Policy and that maybe material to the Branch. Remedial action is taken to avoid recurrence of such operational events.
- Assessment of Operational Risk - Conducting risk assessments where operational risks are identified for key business areas. Risks identified and assessed to be above a certain threshold must have a risk response. Risk mitigation plans are documented and tracked on an ongoing basis.
- Internal control management: Zurich considers internal controls to be essential for managing operational risk. The objectives of Zurich's internal control system are to provide reasonable assurance that our financial statements and disclosures are materially correct, support reliable operations, and ensure legal and regulatory compliance. The implementation of this system is monitored on an ongoing basis. Control deficiencies require remediation action plans to be put in place and these action plans are tracked to closure.

The Branch continues to focus on Information Security, with special emphasis on protecting customer and company information, improving security with its vendors and monitoring information access. Governance of data security is maintained by the Information Governance Council, which includes a cross functional team of experts across Group Information Security, Operations, IT, Legal & Compliance and Risk Management.

Outsourcing and engagement with third parties introduce risks relevant to the delivery of our strategy, such as data loss or disclosure, disruption to critical customer services and regulatory compliance. Zurich Group addresses risks associated with third-party engagements within its supply and value chain. Applying a consistent Group-wide approach to third-party governance is among Zurich's key priorities in managing operational risk.

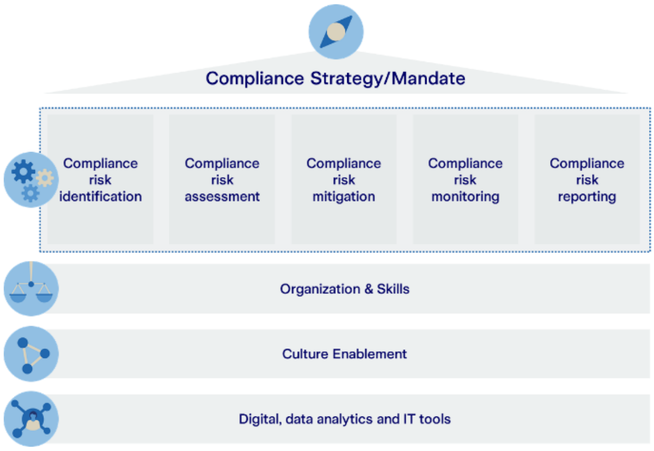
Internal control management has been one of the key focus areas for Zurich since the enhancement of its framework in 2020. Zurich promotes risk awareness and understanding of controls through communication and training. Risk management and internal control systems are designed at Group level and implemented in the Branch. Management, as the first line of defense, is responsible for identifying, evaluating, and managing risk, and designing, implementing, and maintaining internal controls. Testing effectiveness of relevant controls by the first line of defense, with second line oversight, also forms part of the control life cycle.

Key processes and controls in the organizations are subject to review and challenge by all three lines of defense. The second and third lines of defense regularly report on observations, conclusions and recommendations that arise from their independent reviews of internal controls.

6. Compliance risk management

As part of the Group's approach to managing operational risk, material compliance risks are independently assessed on an annual basis. Zurich implements Group Compliance policies to address exposures or topics that apply to a large part or all of the Group's organization. The Compliance Risk Universe addresses seventeen core topics. These policies are implemented by the local compliance function, following standard implementation protocols including gap analysis, risk assessment, process enhancements, local standards, post implementation monitoring and local training. The local compliance function regularly assesses compliance risk with the Compliance Risk Assessment tool. They report regulatory and business risks identified and the mitigating controls to the Senior Management, along with other compliance program reporting activities. Significant control issues or issues affecting more than one business unit may be escalated at Group level, where the Zurich Insurance Group's Board Risk and Audit Committees oversee the resolution of such issues.

Within its scope, Compliance operates independently on the basis of the following compliance operating model:



The aim is to ensure business compliance with laws, regulations, and internal requirements by:

- Conducting compliance risk assessments
- Establishing and maintaining compliance policies
- Advising with respect to relevant processes and controls
- Conducting training and awareness initiatives
- Monitoring relevant processes and controls
- Assessing impact of new laws and trends
- Interacting with and reporting to management and governance bodies.

7. Strategic / Business Risks

Strategic risk corresponds to the unintended risk that can result as a by-product of mis-planning or executing a business strategy.

Risk considerations are a key element in the strategic decision-making process. The Company assesses strategic risks systematically through the Group's proprietary Total Risk Profiling™ ("TRP") process, which allows the Company to identify and evaluate the probability of a risk scenario occurring, as well as the severity / impacts. Across the risk themes, each assigned risk owner develops, implements and monitors associated mitigating actions plans.

The TRP process is integral to how Zurich evaluates strategic risks, deals with business changes, and assesses key risks to Zurich's reputation. This strategic exercise is performed annually, integrated with the business planning process, and reviewed quarterly by the CEO during the Risk & Control Committee meetings.

Reputational risk management

Risks to the Branch's reputation include the risk that an act or omission by any of its employees that could result in damage to Zurich Group's and the Branch's reputation or lead to a loss of trust among its stakeholders. Every risk type has potential consequences for Zurich's reputation, and therefore, effectively managing each type of risk helps the Branch supports preventing adverse reputational outcomes.

Zurich aims to preserve its reputation by:

- Adhering to applicable laws and regulations.
- Following core values and principles of the Group's code of conduct that promise integrity and good business practices.
- Living up to its sustainability commitments.

Sustainability risk management

Sustainability means doing business today in a way that safeguards the future of our company and our society. Sustainability risk and opportunities emanate both effects that environmental, social and governance (ESG) challenges have on the company, as well as from how the company handles its positive or negative impact on ESG issues. To protect against financial and reputational impacts, both perspectives are included in the identification and assessment of sustainability issues.

Climate change, as one of the most complex risks facing society today, is intergenerational, international, and interdependent. As a global insurer Zurich faces risk from climate change and discloses its climate risk in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosure (TCFD).

Zurich works with its customers and investee companies to support responsible and sustainable business practices while promoting best practices in managing ESG risks. The Group has policies in place that define the sustainability positions for which Zurich has no underwriting or investment appetite. Zurich continuously works to develop relevant products and services that help solve the most pressing societal and environmental issues.

To support the Group's business in applying its purpose and values, as well as mitigating reputational risk impacts, Zurich has established a systematic and integrated approach to identifying, assessing, and recommending action on potential risk and opportunity areas from a sustainability perspective across all the Group's activities, particularly in investment management and underwriting.

This is a three-step process centrally managed at Group level:

- Issue identification: Identify relevant issues to be considered within the risk assessment process by monitoring channels such as media, social media, information from non-governmental organizations and Zurich's businesses.
- Risk assessment: Assess issues related to public commitments, the role of insurance underwriting, market exposure and materiality. The Group CEO approves position, statements, recommended business actions, and reputational management considerations.
- Implementation: Implement mitigation actions, including managing reputational impacts locally in the businesses. Mobilize expert support available across the Group and escalate as necessary, according to governance procedures.

Zurich applies these steps across portfolios based on stated thresholds and verified data. Wherever possible, Zurich engages and works together with customers on the margins of Zurich's thresholds to ensure responsible and sustainable business practices. This engagement may be short, or in some cases, last up to two years, depending on which part of the renewal cycle customers are in and the time required for them to demonstrate credible progress on ESG issues.

Clear roles and responsibilities, starting with the Board of Directors of Zurich Insurance Group Ltd and Zurich management, support effective oversight and action with respect to climate change and other sustainability risks.

d) Insurance liabilities

The Branch establishes loss reserves, which are estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. Reserving is a complex process dealing with uncertainty, requiring the use of informed estimates and judgments. Any changes in estimates or judgments are reflected in the results of operations in the period in which estimates and judgments are changed.

Significant delays may occur in the notification and settlement of claims, and a substantial measure of experience and judgment is involved in assessing outstanding liabilities, the ultimate cost of which cannot be known with certainty as of the balance sheet date. The reserves for losses and loss adjustment expenses are determined on the basis of information currently available. However, it is inherent in the nature of the business written that the ultimate liabilities may vary as a result of subsequent developments. The methods used are consistent across all our business segments.

Relevant Regulations Underpinning our Reserving

Our insurance liabilities are set in accordance with Monetary Authority of Singapore ("MAS") (Insurance valuation and capital regulations 2004). In this regard, the insurance liabilities comprise:

- Premium liabilities
- Claim liabilities;

As defined by MAS (Insurance valuation and capital regulation 2004),

(a) premium liabilities shall be the higher of —

(i) the unearned premium reserves of the fund calculated as the aggregate of unearned premium reserves for each policy; or
(ii) the unexpired risk reserves, calculated as the sum of:

(a) the value of the expected future payments arising from future events insured under policies in force as at the valuation date, including any expense expected to be incurred in administering the policies and settling relevant claims; and
(b) any provision for any adverse deviation from the expected experience, calculated based on the 75 per cent level of sufficiency.

(b) claim liabilities, which shall be an amount not less than the sum of:

(a) the value of the expected future payments in relation to all claims incurred prior to the valuation date including payments which have fallen due for payment after valuation date, whether or not they have been reported to the insurer and any expense expected to be incurred in settling those claims; and
(b) any provision for any adverse deviation from the expected experience, calculated based on the 75 per cent level of sufficiency.

The amount of unearned premium reserves and deferred acquisition cost are calculated using the 1/365 method.

Our Methodology

Best Estimate of Claims Liabilities

The Branch's actuarial estimates of the claim's liability:

- reflects the best estimate of the likely future claims experience. They are neither deliberately overstated nor understated;
- are discounted;
- include allowance for late reported claims and further development of reported claims; and
- include allowance for the Branch's indirect claims handling expenses.

This estimate of the claim liabilities was analyzed based on the following valuation lines on a combined insurance fund basis (i.e., onshore fund ("SIF") and offshore fund ("OIF")).

- Accident & Health
- Credit and Political Risk
- Engineering
- Core Financial Lines
- Fusion
- Cyber
- GE Casualty
- GE Offshore
- GE Onshore
- Liability
- Marine
- Other
- Property

The claims are further divided into large, attritional and catastrophe claims for analyses. Large claims are defined as any claim with a gross incurred amount greater than S$0.7m. The best estimate of IBNR claim reserves for each valuation line and accident year is then allocated down to insurance funds, managements LOBs and MAS LOBs.

The chain ladder on cumulative claim payments ("CL Paid") method, incurred claim development ("CL Incurred") method, Bornhuetter-Ferguson on paid claims ("BF Paid") method, Bornhuetter-Ferguson on incurred claims ("BF Incurred") method and expected loss ratio ("ELR") method are standard actuarial methods used to determining the claims liabilities. In general, the principles below are followed in selecting the ultimate claim costs:

For long tail LOBs, more weights are placed on the ELR and BF Incurred results for the more recent accident periods, and the CL Incurred results for the more mature accident periods. This is to reflect the slow development patterns for long tail and the greater level of uncertainty in the early development periods.

For short tail LOBs, more weights are placed on the CL Incurred results for most prior accident periods for attritional losses as these claims normally develop consistently. A mixture of ELR and BF Incurred methods is then adopted for the more recent accident periods for large losses as these losses tend to take longer to develop, and it is also to avoid the accident quarters with nil incurred to have nil IBNR claim reserves.

The indirect claims handling expense (ICHE) percentage is selected at 5.8% for attritional gross loss and 2.9% for mid-sized and catastrophe gross loss. The mid-sized loss is defined as gross claims that are larger than S$0.7m and lesser than S$3.4m.

The ICHE reserves for claims liabilities is derived by multiplying the selected ICHE percentage by half of gross case reserves and full gross IBNR claim reserves, excluding reserves in relation to Credit/ Credit Related LOB which are not handled by the Branch's claim department.

The best estimate IBNR claim reserves, ICHE reserves, and case reserves are discounted based on the selected gross payment patterns and SGD risk-free yield curve.

The best estimate gross (or net) claims liabilities is the sum of the best estimate IBNR claim reserves, ICHE reserves, case reserves and discounting.

Best Estimate of Premium Liabilities

The premium liabilities are estimated as the unearned premium reserves net of deferred acquisition costs ("DAC") plus any additional reserve required to meet any expected losses on the unearned portion of that business written. This includes expenses associated with administering the policies and settling of the claims. As with the actuarial central estimates of the claim's liability, the actuarial central estimates of the premium liability:

- reflects the best estimate of the likely future claims experience on the unearned portion. They are neither deliberately overstated nor understated;
- are discounted;
- includes allowance for policy administration expense and claims handling expenses;
- includes allowance for reinsurance treaties incepting on 1 January 2025 in determining net premium liability;

The methodology used for estimating the premium liability can be summarized as follows:

- ultimate gross (or net) loss ratios by lines of business are selected based on the historical performance, underwriting strategy, and rate changes;
- the selected loss ratios together with an allowance for reinsurance costs, reinsurance recoveries, indirect claims handling expenses that is maintained at 4.0% of the gross expected loss ratios and future policy administration expenses of 3.0% are applied to the

unearned premium reserves (gross of DAC) to arrive at the unexpired risk reserve (URR);

- the discounting impact is derived by applying the discount factor to the expected claims payout and indirect claims handling expenses. The discount factors are derived with the assumptions below:
    - UPR is based on premium written and earned evenly and uniformly over 1 year for all valuation lines except Credit and Political Risk and Engineering where premium written and earned evenly and uniformly over 4 years.
    - Expected claims payout and indirect claims handling expenses are paid based on the selected gross payment patterns by valuation lines.
- The best estimate premium liabilities are the maximum of unearned premium reserve (net of DAC) or discounted URR at fund level.

Assessment of Uncertainty

It is normal and should be expected that there will be variations between our estimates and the actual future ultimate claim costs. The reasons for this may be:

- Models chosen for analysis and projection are unlikely to exactly match the actual claim process;
- Random fluctuations in the claims experience result in uncertainty in assumptions regarding future experience;
- Future economic and environmental conditions are not known and may differ from those experienced in the past; and
- Future random claim fluctuations will result in uncertainty in the projected payments.

Each of these sources of potential variation introduces uncertainty into the valuation process and it is difficult to quantify these uncertainties. For the Branch, the uncertainties are increased due to:

- it being a relatively young company, and thus limited historical experience upon which to base our analysis on; and
- the relatively small size of its portfolio, which causes the projection of future trends to be more uncertain.
- the heterogeneous nature of the insured risks given the geographic spread and the focus on large corporate and commercial risks which are by nature highly volatile.

Discount Rates

Both the outstanding claims liabilities and premium liabilities are on a discounted basis.

The insurance liabilities are discounted based on a quarterly SGD risk-free yield curve. This is deemed appropriate as the claims liabilities are predominantly denominated in SGD and the expected losses from the UPR is assumed to have a similar currency split as the claim's liabilities.

e) Capital adequacy

The Branch's capital management objective is to maintain a strong capital position with liquidity to meet our obligations towards our policyholders and to cover regulatory capital requirements.

The Branch is required to maintain capital resources equal to at least 135% of the total risk requirements as calculated in accordance with MAS Notice 133, and in any case should not be lower than a minimum amount of $5 million. In addition to maintaining a capital adequacy ratio of 135%, each of the fund's capital resources should not fall below 100% of the fund's total risk requirement.

Should one of the above limits be breached or be likely to be breached we are required to inform the regulator immediately. In practice, the risk requirement of our insurance funds significantly exceeds the SGD 5.0mil minimum noted above.

In addition, we are required to report to the MAS, as a financial resources warning event, any instance where it becomes likely that our capital adequacy ratio will fall, or has fallen, to below 135%.

The Branch's capital position is monitored continuously and submitted to MAS on a quarterly basis. In case of capital injection, Zurich Insurance Company Ltd (Singapore Branch), as a Branch, has access to Zurich Insurance Company Ltd to obtain capital injection through a letter of responsibility.

Measuring Capital

Regulatory solvency is a key focus for the Branch. As such the Branch's capital model is aligned to the requirements of the MAS Risk Based Capital Framework. Under this Framework, our assets and liabilities are subjected to various charges to determine our solvency position. The various risk charges that are applied in the Branch's model are consistent with those prescribed by regulations.

Capital Position

During the financial year of 2024, the Branch was compliant with the externally imposed capital requirements. The capital ratio at the end of 2024 was 225% and 2023 was 190%.

f) Financial investments

Our Investment Objectives

The Branch's overarching investment objective is to achieve an adequate investment return to meet future liabilities and to optimize the risk/return characteristics of the Branch's investment assets whilst maintaining compliance, at all times, with the regulatory requirements of the MAS and Group's Risk Policy.

Accounting for our Investments

Recognition and subsequent treatment

We recognize each investment on the day we commit to purchase the investment. It is recognized at fair value, and we apply fair value accounting with all movements in investments taken directly to profit or loss as they occur. An investment is derecognized when the rights to receive cashflows from the investment have expired or have been transferred. Investment income is recognized in the income statement.

Valuation

For fixed maturity securities, fair values are generally based upon quoted market prices.

Policies and Processes

The Branch considers the regulatory requirements of the MAS and the Zurich Group Risk Policy when making investments. It seeks to invest in a portfolio of high-quality assets according to the Strategic Asset Allocation (SAA) and investment mandates approved by the local investment committee. Eligible investment instruments include publicly traded equity, treasury bills, investment grade government, government related, supranational and corporate bonds. Fixed income assets are managed by external assets managers based on agreed investment guidelines while the branch performs the oversight function.

Each asset class has a benchmark to measure its relative performance. The local investment committee will meet quarterly to ensure the investments are aligned with the strategy.

The SAA and investment mandates ensure the branch maintains a diversified (industry, issuer, maximum exposure per counterparty) investment grade fixed income portfolio.