Financial Condition Report 2025

Zurich Life Insurance Company Ltd

Zurich Life Insurance Company Ltd

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1 The information published in this report is consistent with the information published in the Annual Report 2025 of Zurich Life Insurance Company Ltd, as well as the regulatory reporting of the Zurich Life Insurance Company Ltd for the year 2025, including the regulatory reporting to the Swiss Financial Market Supervisory Authority FINMA (FINMA) on the Swiss Solvency Test, in accordance with art. 25 ISA and art. 53 ISO. While the financial statements and the information therein were subject to audit by the statutory auditor of Zurich Life Insurance Company Ltd, Ernst & Young Ltd (see Appendix 2), there was no external audit or review of this report. Please further note that, while this report has been filed with FINMA, FINMA has not reviewed the report. The SST calculation for the year ended December 31, 2025 has been filed with FINMA in the 2025 SST reporting in April 2026. In line with the normal timeline for FINMA reporting, the ZLIC 2025 SST reporting remains subject to regulatory review.

All amounts are shown in Swiss francs and rounded to the nearest million unless otherwise stated, with the consequence that the rounded amounts may not add up to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

Zurich Life Insurance Company Ltd (continued)

Overview

Business profile

Zurich Life Insurance Company (ZLIC), is a life insurance company domiciled in Zurich, Switzerland. ZLIC is 100 percent owned by Zurich Insurance Company Ltd (ZIC), which in turn is fully owned by Zurich Insurance Group (ZIG).

Gross written premiums (GWP)

CHF 1.3 billion

Net income after taxes

CHF 120 million

Total investments

CHF 15.2 billion

System of governance

ZLIC has a strong corporate governance framework that is implemented in its daily business providing the basis for ZLIC to create sustainable value for all of its stakeholders.

Our enterprise risk management (ERM) framework supports ZLIC in achieving its strategy and helps protect our policyholders, capital, liquidity, earnings and reputation.

Risk profile

Taking risk is inherent to the insurance business but such risk-taking needs to be done in an informed and disciplined way, within a pre-determined risk appetite and tolerance. This is the primary objective of Zurich's risk management.

ZLIC uses its Total Risk Profiling™ process to monitor both external and internal risks to our strategy and financial plan. ZLIC's key risks in 2025 were focused on uncertainties related to asset market volatility and investment returns, reserve adequacy, data protection and privacy, business resilience and implementation of legal and regulatory requirements for Corporate Life and Pensions. The significant risks for ZLIC, as measured by Swiss Solvency Test economic capital metrics, were: market, insurance and credit risk.

Financial condition

Total shareholders' equity (according to Swiss local statutory reporting):

CHF 925 million

Swiss Solvency Test ratio as of December 31, 2025

262%

Acronyms

AG	Aktiengesellschaft
AGM	Annual General Meeting
ALM	asset liability management
ALMIC	Asset Liability Management and Investment Committee
ARC	audit and risk committee
Board	board of directors
bn	billion
BU	business unit
BVG	Occupational Retirement, Survivors' and Disability Provision
CEO	chief executive officer
CFO	chief financial officer
CHF	Swiss francs
CLP	Corporate Life and Pensions
Company	Zurich Life Insurance Company Ltd
CRO	chief risk officer
ERM	enterprise risk management
EY	Ernst & Young Ltd
FCR	Financial Condition Report
FINMA	Financial Market Supervisory Authority
GA	Group Audit (internal audit)
Group	Zurich Insurance Group Ltd and its subsidiaries
GWP	gross written premiums
HR	Human Resources
IFSR	Insurer Financial Strength Rating
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IL	Individual Life
ISA	Swiss Insurance Supervision Act
ISL	Swiss Insurance Supervision Law
ISO	Swiss Insurance Supervision Ordinance
IT	information technology
LoB	Line of Business
Ltd	limited
m	million
MCBS	market-consistent balance sheet
MVM	market value margin
OEM	Operational Event Management
ORSA	Own Risk and Solvency Assessment
Q	quarter
SAA	strategic asset allocation
SFCR	Solvency & Financial Conditions Report
SST	Swiss Solvency Test
TRP	Total Risk Profiling™
ZIAG	Zurich Invest AG
ZIC	Zurich Insurance Company Ltd
ZIG	Zurich Insurance Group Ltd (holding company)
ZLIC	Zurich Life Insurance Company Ltd
ZRP	Zurich Risk Policy
Zurich	Zurich Insurance Group

Introduction

Introduction

The Zurich Life Insurance Company Ltd (ZLIC) financial condition report is prepared in compliance with Art. 25 Swiss Insurance Supervision Act (ISA) and FINMA's Circular 2016/2 'Disclosure – insurers' and is not audited. The report focuses on the 2025 financial year, and should be read in conjunction with the audited ZLIC Annual Report 2025 (available on: http://www.zurich.com/en/investor-relations/results-and-reports/other-statutory-filings). Wherever applicable, this report makes reference to the Zurich Insurance Group Financial Condition Report or the Zurich Insurance Group Annual Report. Refer to these reports for more information.

ZLIC is part of the Zurich Insurance Group, which maintains a strong capital position. As of December 31, 2025, the Insurer Financial Strength Rating (IFSR) of Zurich Insurance Company Ltd (ZIC) was rated 'AA/stable' by Standard and Poor's, 'Aa2/stable' by Moody's and 'A+(Superior)/stable' by AM Best. AM Best's Issuer Credit rating is 'aa/stable'. Furthermore, Zurich Insurance Group's unaudited estimated SST ratio was 259 percent as of December 31, 2025.

The ZLIC Financial Condition Report (FCR) is a standalone report reflecting the current situation of ZLIC. The results will be consolidated into the Zurich Insurance Group Financial Condition Report.

1. Executive summary

The Financial Condition Report was produced in accordance with FINMA Circular 2016/2 'Disclosure – insurers: Fundamental principles in reporting the financial position.'

Business activities

Zurich Life Insurance Company Ltd (ZLIC) is a top five life insurance provider operating primarily in the Swiss market. ZLIC serves two main customer segments – private customers through its Individual Life business (IL), and Group Life insurance through its Corporate Life and Pensions business (CLP).

Performance

ZLIC reported net income after taxes of CHF 120 million in 2025, which is a slight decrease of 3 percent compared with the previous year's result of CHF 124 million. ZLIC, however, maintained a strong capital position with total shareholders' equity of CHF 925 million and CHF 970 million as of December 31, 2025 and 2024 respectively.

Gross written premiums increased by 4 percent to CHF 1,322 million compared with CHF 1,275 million in 2024. This increase was mainly driven by the growing business volume in both Group Life as well as Individual Life, attributable to the robust business model and balanced business mix.

Corporate governance and risk management

Within ZLIC there are several governance bodies that aim to ensure adequate oversight. In line with legal and regulatory requirements, ZLIC has a board of directors (board), an audit and risk committee (ARC) at board level, and a management board. These bodies meet regularly to ensure appropriate oversight and control. ZLIC uses a three lines of defense framework – business management, risk/compliance, and internal audit – to identify, assess, and manage risks.

Risk profile and solvency

FINMA established the Swiss Solvency Test (SST) to quantitatively measure risk. ZLIC files the SST ratio annually with FINMA. ZLIC's largest risk is market risk, which constitutes approximately 50 percent of the total CHF 2.5 billion undiversified target capital. Credit migration and default risks contribute a further 16 percent. Morbidity is a further important risk for ZLIC. ZLIC faces expense risk and there is also longevity risk related to Swiss annuities. Once a year, ZLIC's key risks including operational risks are also assessed in a Total Risk Profiling™ (TRP) analysis. Mitigation actions are defined where necessary and tracked.

For reporting SST, assets and liabilities are valued on a market-consistent basis in ZLIC's market-consistent balance sheet (MCBS). In 2025 the risk-bearing capital for ZLIC decreased by CHF 0.02 billion compared with 2024 mainly due to updated economic assumptions, disability experience and the impact of the proposed dividend, partially offset by returns on equity and real estate.

ZLIC's capital management is mainly governed by SST, statutory equity, tied asset and liquidity requirements, which ZLIC follows in accordance with FINMA guidelines and statutory law. For the tied assets coverage, reserves are calculated on a prudent, statutory basis.

The ZLIC SST ratio of 262 percent as of December 31, 2025 remained stable compared to 262 percent at December 31, 2024. ZLIC's capitalization remains strong as measured by SST.

The data, methods, and results of the Swiss Solvency Test for ZLIC are produced in accordance with the Insurance Supervision Ordinance (ISO, art. 21 seqq.). ZLIC's SST is calculated using the SST standard model.

Introduction (continued)

Dividend

In 2025, ZLIC paid a cash dividend of CHF 165 million to ZIC. The ZLIC Annual General Meeting held on April 1, 2026 approved a cash dividend of CHF 120 million. According to the applicable SST valuation requirements, ZLIC's SST ratio as of December 31, 2025 published in this report reflects the dividend payment of CHF 120 million.

Outlook

In 2026, key priorities will include promoting a balanced product mix, further leveraging bank distribution and partnerships, enhancing investments in essential IT infrastructure, and establishing a strong customer service culture. These measures will enable ZLIC to achieve sustainable and profitable growth in an increasingly competitive and changing business environment. The evolving business environment in the CLP business has resulted in a new strategic direction of ZLIC's partnership with the collective foundation VITA Classic. ZLIC is actively supporting the foundation as it moves towards autonomy. Throughout this transition phase, ZLIC's activities will concentrate on the continued service and support of existing clients, while maintaining the highest quality of service.

The Company's management continues to carefully monitor developments in regulatory and legal requirements.

2. Approval of the Financial Condition Report

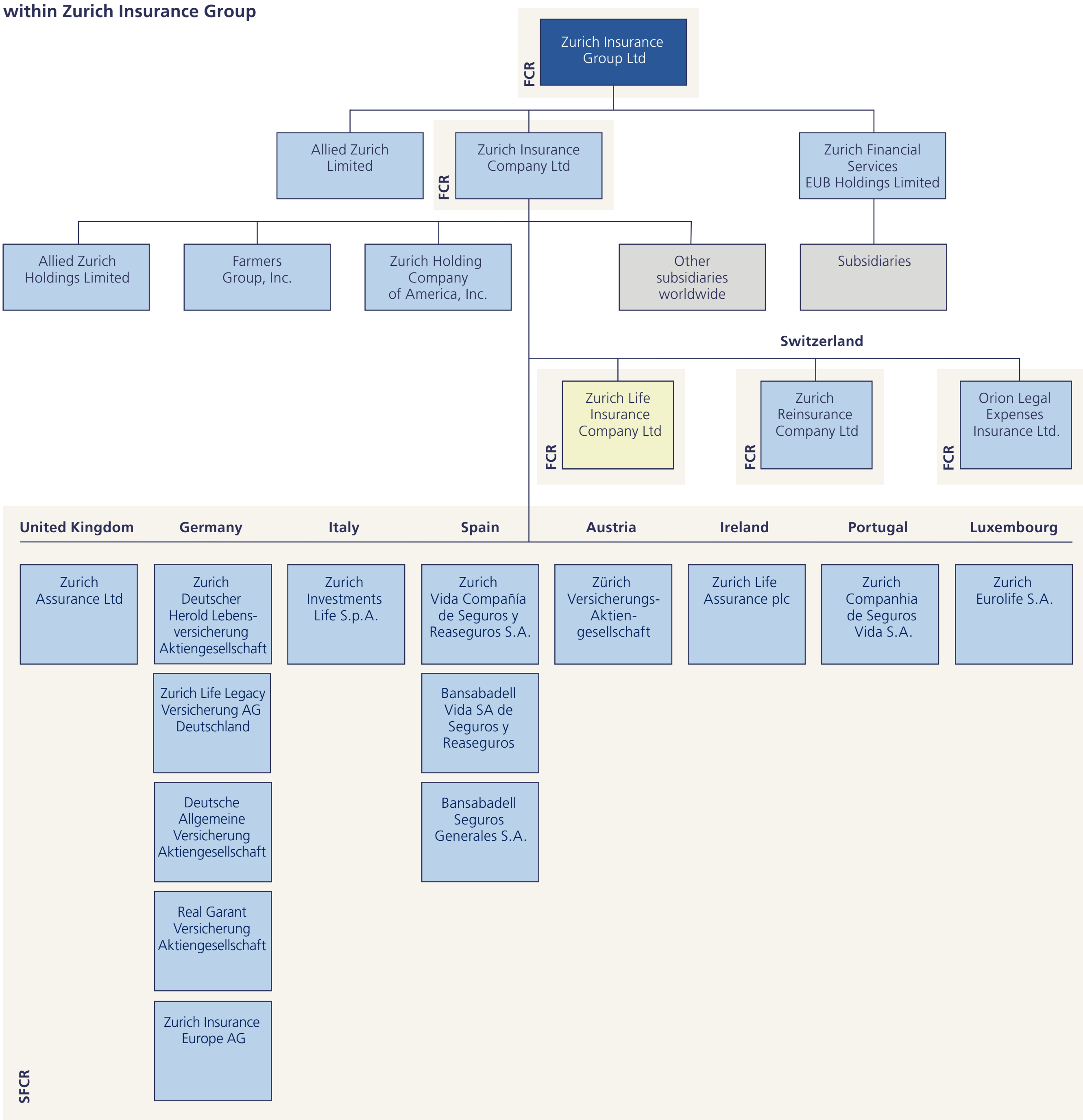
The 2025 ZLIC FCR was reviewed by the management board and approved by the board of directors on March 31, 2026.

A. Business activities

A.1 Legal structure and major subsidiaries and branches

ZLIC is a life insurance provider serving both retail and corporate customers, primarily in Switzerland as well as through its branch in the UAE. ZLIC is 100-percent owned by Zurich Insurance Company Ltd (ZIC), which in turn is fully owned by Zurich Insurance Group ('Zurich' or 'the Group').

Public reporting on solvency and financial condition within Zurich Insurance Group



SFCR: Solvency and Financial Condition Report (local regulation based on Solvency II; from 01.01.2016 except Zurich Assurance Ltd whose SFCR is based on Solvency UK since 31.12.2024)
FCR: Financial Condition Report (Swiss regulation; from 2017)

Subsidiary   Group of subsidiaries   Current disclosure

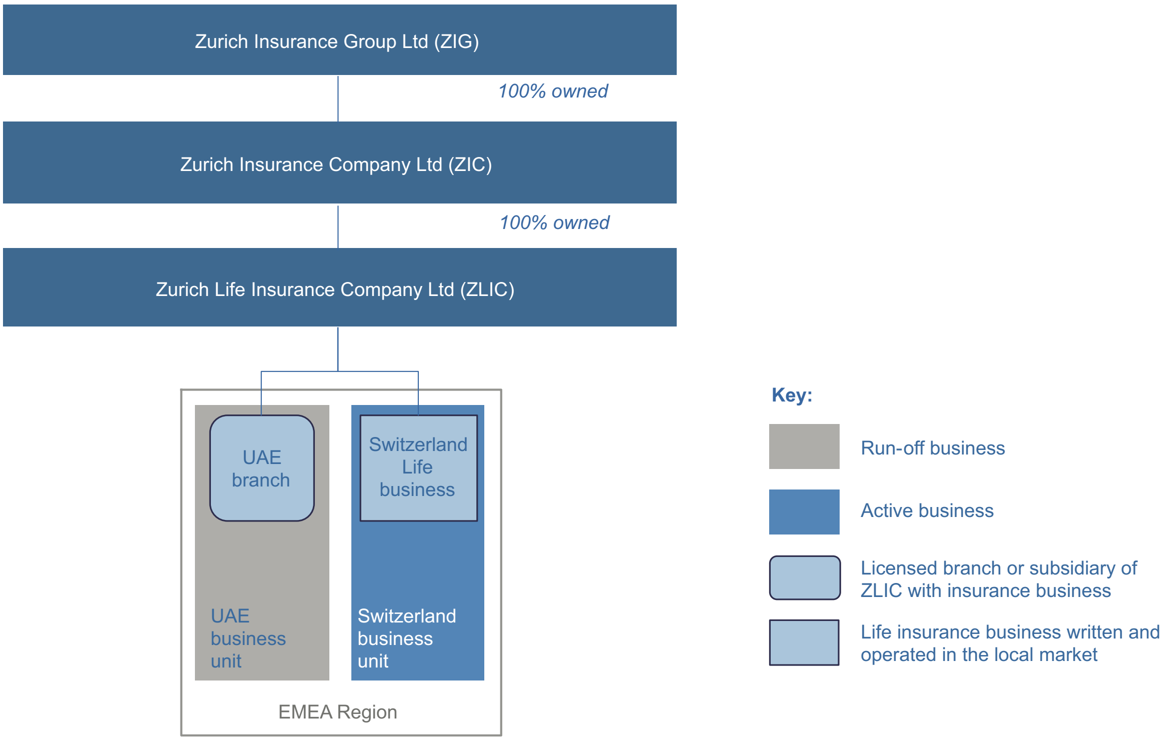
Note: The purpose of the chart above is to provide a simplified overview of the Group's major subsidiaries (as of December 31, 2025), with special focus on the public reporting of their solvency and financial condition. Please note that this is a simplified representation showing entities that must publish such a report and therefore it may not comprehensively reflect the detailed legal ownership structure of the entities included in the overview. The ordering of the legal entities under each country is not indicative of ownership; these are independent legal entities.

A. Business activities (continued)

The Group discloses more information on its risk and capital management in its risk review, an integral part of the Zurich Insurance Group Annual Report and Financial Condition Report available on www.zurich.com.

ZLIC entity structure

The chart below shows the simplified ZLIC entity structure as of December 31, 2025.



Significant subsidiaries and shareholdings
The chart above shows the simplified ZLIC entity structure as of December 31, 2025.

Significant indirect subsidiaries
ZLIC had no significant indirect subsidiaries as of December 31, 2025.

Quantitative and qualitative information about special purpose vehicles (e.g., risk transfer and capital transfer companies) and joint ventures
ZLIC does not currently hold any special purpose vehicles.

A. Business activities (continued)

A.2 Information about the company's strategy, objectives and key business segments

ZLIC's strategy is derived from and consistent with the Group strategy. The ZLIC strategy is reviewed on an annual basis. In 2025, ZLIC confirmed the strategic focus areas and it retains the main aspects as outlined below:

- ZLIC's strategic focus remains on protection and capital-efficient savings products in full alignment with the Group's approach.
- ZLIC will continue to leverage the business model in cooperation with its partners.
- ZLIC will continue to promote profitable top-line growth by focusing on specific strategic market segments.

Switzerland

ZLIC serves two main customer segments – private and corporate customers.

The private customer business includes traditional products (term/death, endowment, annuities) and unit-linked products (hybrid unit-linked with traditional guarantees, pure unit-linked). Tied agents are its main retail distribution channel.

The corporate customer business focuses on domestic life, morbidity, and pension solutions (mainly BVG), working with Vita foundations. Brokers are the main commercial distribution channel. In addition, there is a small portfolio of Zurich International Group Risk Solutions offering disability and mortality cover for expats of Swiss based organizations.

The company also seeks to serve as a thought leader to educate, provide knowledge and build trust in the Swiss pension system.

In line with its business strategy, ZLIC continued to improve operationally through simplification, process management and digitalization. All relevant customer touchpoints were monitored on an ongoing basis and the customer service in Group Life has been recertified under the ISAE 3402 standard (type 1 and type 2). The Company also continued to focus on intelligent protection and capital efficient solutions and on maintaining a strict underwriting discipline throughout all product lines.

The sales support model has been aligned to further identify and improve cross-selling opportunities. At the same time, ZLIC has continued to leverage its main distribution channels, through agents and brokers, while seeking to establish alternative distribution channels to expand sales potential.

On January 1, 2024, the revised Insurance Supervision Act (ISA) and the revised Insurance Supervision Ordinance (ISO) entered into force, with certain requirements entering into force only on January 1, 2025 and January 1, 2026. Following this revision, FINMA issued its follow-up regulation in July 2024 and the ISO-FINMA entered into force on September 1, 2024. ZLIC will continue to implement the new rules and regulations and closely monitor evolving market practice regarding the implementation of the new requirements.

Sourcing agreement between ZLIC and ZIC (sourcing provider)

ZLIC and ZIC maintain a comprehensive outsourcing agreement with ZIC acting as service provider to ZLIC. ZLIC has outsourced all business, management and control function services (excluding non-transferable tasks, board duties and branch business) to ZIC.

A. Business activities (continued)

A.3 Information about the company's external auditors as per Article 28 ISA 8

ZLIC's external auditors for 2025 were Ernst & Young Ltd. ZLIC's Annual Report 2025 including the auditor's opinion is available at https://www.zurich.com/investor-relations/results-and-reports/other-statutory-filings.

A.4 Significant unusual events

For significant events during 2025 and thereafter, please refer to the Annual Report 2025 of Zurich Life Insurance Company and Zurich Insurance Group, respectively, as well as to the news releases available at https://www.zurich.com/en/media.

B. Performance

B.1 Underwriting performance

B.1.1 Gross written premiums

Gross written premiums increased by 4 percent to CHF 1,322 million compared with CHF 1,275 million in 2024. This increase was mainly driven by the growing business in both Group Life as well as in the unit-linked business.

Gross written premiums by type of business

in CHF millions, for the years ended December 31	2024	**2025**
Group insurance	519	556
Individual insurance	290	278
Unit-linked insurance	466	488
Gross written premiums	**1,275**	**1,322**

B.1.2 Claims paid, annuities and loss adjustments expenses, gross of reinsurance

Total gross claims paid, annuities and loss adjustment expenses increased by CHF 40 million to CHF 1,525 million from CHF 1,485 million in 2024. This development relative to the prior year is mainly attributable to the increase in claims paid due to higher death benefits and surrenders in Switzerland.

Claims paid, annuities and loss adjustment expenses, gross

in CHF millions, for the years ended December 31	2024	**2025**
Maturity benefits	(481)	(450)
Death benefits	(117)	(141)
Annuity payments	(350)	(338)
Disability and health benefits	(201)	(217)
Surrenders	(312)	(355)
Loss adjustment expenses	(25)	(23)
Claims paid, annuities and loss adjustment expenses, gross	**(1,485)**	**(1,525)**

B. Performance (continued)

B.2 Investment performance

B.2.1 Investment income

Investment income decreased by CHF 421 million or 42 percent to CHF 582 million in 2025 from CHF 1,003 million in 2024. This development was mainly driven by lower write-ups due to weaker market performance compared with the previous year and lower realized capital gains due to sales in the real estate portfolio.

Investment income

in CHF millions, for the years ended December 31	Current income		Realized capital gains		Write-ups		Totals	
	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**
Real estate	130	114	359	235	–	–	489	349
Investments in subsidiaries and associates	0	0	–	–	–	–	0	0
Debt securities	78	79	12	0	227	16	317	95
Policyholders' loans and other loans	2	1	–	1	–	–	2	2
Mortgage loans	26	25	–	–	0	0	26	26
Equity securities	18	18	50	66	62	11	130	95
Mixed investments funds	9	–	–	–	–	–	9	–
Other investments	25	15	6	0	–	–	31	15
Investment income	**287**	**253**	**427**	**302**	**290**	**27**	**1,003**	**582**

B.2.2 Investment expenses

Investment expenses decreased by CHF 20 million or 18 percent to CHF 94 million in 2025 from CHF 114 million in 2024. This was mainly driven by the overall market and interest development in 2025 leading to lower realized capital losses in most of the investment categories in 2025 compared with 2024.

Investment expenses

in CHF millions, for the years ended December 31	Realized capital losses		Write-downs		Totals	
	2024	**2025**	2024	**2025**	2024	**2025**
Real estate	(1)	(10)	(3)	(2)	(3)	(12)
Investments in subsidiaries and associates	–	–	(0)	(0)	(0)	(0)
Debt securities	(25)	(6)	(0)	(11)	(26)	(18)
Policyholders' loans and other loans	(2)	–	(1)	(0)	(2)	(0)
Mortgage loans	–	–	–	–	–	–
Equity securities	(11)	(7)	(6)	(3)	(16)	(10)
Mixed investments funds	–	–	(4)	–	(4)	–
Other investments	(0)	(5)	–	–	(0)	(5)
Other investment expenses	n.a.	n.a.	n.a.	n.a.	(62)	(49)
Investment expenses	**(39)**	**(28)**	**(13)**	**(17)**	**(114)**	**(94)**

B. Performance (continued)

B.3 Performance of other activities

B.3.1 Administrative and other expenses

Administrative and other expenses decreased by CHF 165 million to CHF 165 million in 2025 compared with CHF 330 million in 2024, which was mainly driven by lower losses from foreign currency derivatives and transactions. In 2025, all personnel expenses were transferred from ZLIC to ZIC, resulting in a decrease in personnel expenses and a corresponding increase in administration and other general expenses.

Administrative and other expenses

in CHF millions, for the years ended December 31	2024	**2025**
Administration and other general expenses	(103)	(132)
Gains and losses on foreign currency derivatives	(241)	64
Personnel expenses	(46)	(0)
Foreign currency transaction gains and losses	61	(97)
Administrative and other expenses	**(330)**	**(165)**

B.3.2 Comments to the income statement in Appendix 1: quantitative templates

Net income before taxes

Net income before taxes demonstrates stability compared with the previous year, with a slight decrease of CHF 11 million, highlighting the company's resilience even in a demanding market environment.

Gross written premiums

Gross written premiums increased 4 percent to CHF 1,322 million compared with CHF 1,275 million in 2024. This increase was mainly driven by the growing business volume in both Group Life as well as Individual Life, attributable to the robust business model and balanced business mix.

Investment income

Investment income decreased CHF 421 million or 42 percent to CHF 582 million in 2025 from CHF 1,003 million in 2024. This development was mainly driven by lower write-ups due to weaker market performance compared with the previous year and lower realized capital gains due to sales in the real estate portfolio.

Unit-linked business

The investment result on unit-linked investments increased by CHF 27 million to a gain of CHF 126 million in 2025 from a gain of CHF 99 million in 2024. This increase was driven by a strong market performance and lower impairments and write-downs compared with 2024.

C. Corporate governance and risk management

C.1 Corporate governance

ZLIC is subject to insurance supervision by FINMA. The Swiss Insurance Supervision Act (ISA) requires Swiss insurance companies to establish and maintain a corporate governance structure including an effective risk management and internal control system that is appropriate to their business activities. In addition to the supervision exercised by FINMA, ZLIC and its branch are supervised according to the requirements of relevant local supervisory authorities.

Within ZLIC there are several governance bodies that aim to ensure adequate oversight. In line with legal and regulatory requirements, ZLIC has a board of directors (board), an audit and risk committee (ARC) at board level, and a management board. These bodies meet regularly (at least four times a year) to ensure appropriate oversight and control (including activities on branch/business level). There are also quarterly branch/business oversight meetings to support the oversight and control process on the board and management board levels.

- ZLIC has established a ‘three lines of defense’ approach, aimed at clearly identifying, assessing, owning, and managing risks.
- As the first line of defense, business management 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).
- The second line of defense consists of the two control functions; risk management and compliance. The second line provides the frameworks to manage risks, independent review and challenge, monitoring, reporting, and serves as an adviser to support the first line in managing risks. Risk and compliance functions support the achievement of business strategy and objectives, the appropriate identification and assessment of risks, implementation of risk response, risk monitoring and reporting.
- Internal audit (the third line of defense) performs independent, risk-based and objective audit activities to systematically evaluate and challenge the adequacy and effectiveness of governance, risk management, and internal controls.

Other governance and advisory functions, such as legal and actuarial, help business management to manage and control specific types of risks.

C.1.1 Board of directors (Board)

The board, under the leadership of its chair, is responsible for determining ZLIC’s overall strategy and its management supervision. Except for decisions on matters reserved for the shareholders’ general meetings, it holds the ultimate decision-making authority for ZLIC. The board prepares the AGM and implements its resolutions.

Audit and risk committee (ARC)

The ARC supports the board by serving as a focal point for communication and oversight regarding accounting as well as financial reporting and other significant financial disclosures (e.g. to FINMA), internal control, actuarial calculations and analysis, compliance and risk management.

C. Corporate governance and risk management (continued)

Composition of board and audit and risk committee (as of December 31, 2025)

Name	Residence	Position held
Stephan van Vliet	Zurich, Switzerland	Chair of the board
Justine Kelly	Richterswil, Switzerland	Vice-chair of the board
Helen Keelan	Dublin, Ireland	Member of the board (independent) Member of the ARC
Thomas Hull	Uster, Switzerland	Member of the board (independent) Chair of the ARC
Richard Burden	London, United Kingdom	Member of the board
Jing Pang	Zurich, Switzerland	Member of the board Member of the ARC

No changes to composition of the board occurred in 2025.

C.1.2 Executive management

In accordance with the Articles of Association and the Organizational Rules of ZLIC, the board appoints a CEO for the Company and delegates authorities to the CEO. The CEO is responsible and accountable for the management and performance of ZLIC and represents the overall interests of ZLIC towards third parties subject to the Organizational Rules enacted by the board.

The board also appoints the members of the executive management board (management board).

Under the supervision of the CEO, members of the management board are individually responsible for the business functions assigned to them.

Composition of management board (as of December 31, 2025)

Name	Residence	Position held
Juan José Beer	Möriken-Wildegg, Switzerland	Chief executive officer
Andreas Henke	Zurich, Switzerland	Chief financial officer
Thorsten Schneidewind	Neftenbach, Switzerland	Head of life
Andreas Fischer	Wollerau, Switzerland	Chief investment officer
Sébastien Crouzet	Wangen b. Dübendorf, Switzerland	Chief life actuary Switzerland

Changes to composition of the management board in 2025

The composition of the management board of ZLIC changed during 2025 as follows:

– Replacement of Sandro Meyer by Thorsten Schneidewind as Head of Life.

C. Corporate governance and risk management (continued)

C.2 Risk management

C.2.1 Risk management framework

Enterprise risk management (ERM) is embedded in the system of governance and is designed to support the decision-making procedures by providing consistent, reliable and timely risk information and protecting Zurich's capital, earnings and reputation from risks that exceed established risk tolerances. These risk tolerances define maximum willingness and ability to take risk overall, and with respect to specific risk types. Actions are defined where necessary to mitigate potential negative consequences.

ZLIC has a defined risk appetite. The risk appetite is fixed through existing limits, e.g., severity categories for the TRP and various limits derived from the Zurich Risk Policy. ZLIC's risk appetite statement is reviewed by the management board. Once approved, it is signed off by the board at least annually and adjusted if necessary during the year. As part of the ERM, the risk management function calculates risk tolerance limits annually and evaluates actual and potential breaches. Compliance with the risk appetite statement, however, lies with the management board (refer to the tasks of management board). The risk management function and other functions, such as compliance, legal, actuarial and finance, develop and operate methodologies to identify, manage and mitigate all types of risks. Escalation procedures are in place for all risk types. The risk management function monitors overall risks, including specific risk types, and escalates any risk that exceeds the level of defined risk tolerance, in line with the governance system.

The key risk management principles outline ZLIC's risk management objectives, and the principles for risk governance and risk culture, risk appetite and tolerance, risk identification and risk assessment, risk response, risk monitoring, and risk reporting. These principles are applied to the overarching risk management approach across all risk types throughout ZLIC. They include ZLIC's risk management objectives, structure including risk aspects along the three lines of defense, as well as risk appetite and tolerance, risk assessment and reporting. The principles are elaborated on in further detail in the Zurich Risk Policy and related risk policy manuals as well as in the Compliance Charter and the Zurich Compliance Program (ZCP).

The Zurich Risk Policy is the Group's main risk governance document and therefore fully applies to ZLIC. It sets mandatory requirements for effective risk management throughout the Group. The Policy describes Zurich's Enterprise Risk Management Framework, provides a standardized set of risk types and defines the Group's appetite for risks at Group level. Risk-specific policy manuals and standards provide guidelines and procedures to implement the requirements of the Zurich Risk Policy. Ongoing assessments verify that requirements are met

C.2.2 Risk management organization

The ZLIC CRO leads the ZLIC risk management function, which aims to ensure that risks are identified, measured, managed, monitored and reported throughout the entity. The ZLIC CRO is responsible for oversight of risks across the legal entity.

The ZLIC CRO had a functional reporting line to the EMEA head of risk throughout 2025 and an administrative reporting line to the ZLIC CEO. The ZLIC CRO regularly provides risk updates to the management board and the audit and risk committee of the board of directors of ZLIC. From 2026 onwards the ZLIC CRO has a functional reporting line to the CRO of the Swiss business unit and continues to have an administrative reporting line to the ZLIC CEO. This change goes together with a general strengthening of the risk management function where the ZLIC CRO is also the head of life risk management of the Swiss business unit supported by strengthened enterprise risk management and internal control.

The ZLIC risk management team is part of Zurich's Group risk management organization, which consists of central functions at Group level and a decentralized risk management network at regional, BU and functional levels.

C.2.3 Risk assessment and reporting

Risk profile reports are generated regularly at local and ZLIC levels. ZLIC has procedures (e.g., ZLIC risk appetite statement, TRP, control frameworks) to identify and report risks to senior management and the board in a timely way. To foster risk transparency, the ARC receives the quarterly assurance report and other additional updates (e.g., annual self-assessment of the ZLIC risk management system) throughout the year.

ZLIC assesses risks systematically and from a strategic perspective through its proprietary TRP process, which allows ZLIC to identify and evaluate the probability and severity of risk scenarios. As part of the TRP process, mitigation actions are defined and executed by the business as per defined deadline, while risk management monitors improvements for mitigating the risk identified. The TRP process is integral to how Zurich deals with change, including changes in the business environment and other factors that could affect its business, and is particularly suited to evaluating strategic risks as well as risks to Zurich's reputation, capital and earnings. This process is conducted annually, reviewed quarterly and is closely tied to the strategy and planning processes of ZLIC.

An Own Risk and Solvency Assessment (ORSA) for ZLIC is completed annually. The ZLIC ORSA was submitted to the regulator in December 2025. To ensure the board is adequately involved in the ORSA process, the ZLIC chief risk officer (CRO) provides a quarterly update, thus allowing the board to challenge findings and consider its views in its decision-making process.

C. Corporate governance and risk management (continued)

C.3 Internal control system

At Zurich, various governance and control functions help to identify and appropriately manage risks. Internal controls are in place for all material risks and Zurich seeks to ensure that they operate effectively. This coordinated effort to ensure that ZLIC's risk and control environment works in an appropriate way is referred to as 'integrated assessment and assurance.' The board is ultimately responsible for supervising these assurance activities. Although each party in the process maintains its distinct mandate and responsibilities, those involved work closely together, regularly exchange information, and engage in planning and other activities. This approach supports management in its responsibilities and provides confidence that risks are appropriately addressed and adequate mitigation actions are implemented.

Regarding internal controls, ZLIC follows the framework and guidelines prescribed by the Group. The board has overall responsibility in determining the strategy and scope and setting out the goals of the internal control system. In particular, the board regulates and supervises the internal control system. The board has appointed the ARC to review and submit the strategy and scope of the Company's internal control system for approval to the board on an annual basis; the ARC receives and reviews periodic reports from internal audit, risk management and compliance functions concerning the internal control system.

ZLIC considers controls to be key instruments for monitoring and managing financial reporting, compliance and operational risks. The internal control system for ZLIC aims to ensure the reliability of ZLIC's financial reporting, make operations more effective and ensure legal and regulatory compliance. ZLIC bases its internal control system on the Zurich Insurance Group's internal control system methodology.

ZLIC broadens the scope of the internal control system by using a risk-based approach and by considering the Group's requirements. This includes controls over statutory and regulatory reporting, compliance-related controls to ensure legal and regulatory compliance, as well as operational key controls. The scope of the internal control system takes into consideration the inherent risks to the operation, for example, related to processes, systems and people.

C.4 Compliance

ZLIC is committed to complying with all applicable laws, regulations and internal rules.

Compliance is a second line of defense function responsible for:

- Enabling the business to manage its compliance risks.
- Being a trusted adviser.
- Independently challenging, monitoring and providing assurance.
- Assisting management to promote a culture of compliance and ethical behaviors.

ZLIC's compliance function is vertically integrated and is led by the appointed ZLIC chief compliance officer. The ZLIC chief compliance officer has direct access to the chairman of the ARC of ZLIC. The ZLIC CEO acts as matrix manager of ZLIC's chief compliance officer. In addition, there is a vertically integrated reporting line to Group compliance EMEA level. The ZLIC chief compliance officer regularly provides compliance updates to the management team and the ARC of ZLIC.

ZLIC's compliance function performs its activities according to the annual compliance plan and reports on progress measured against the plan, as well as outcomes and insights, to management, the board of directors of ZLIC and Group compliance. The annual compliance plan is a risk-based plan and is prepared based on an independent forward-looking compliance risk assessment, assurance outcomes and taking into account key risk drivers in both the internal and external environments.

ZLIC's compliance function provides an independent compliance view on the key compliance risks to the business and performs independent risk-based assurance activities.

ZLIC's compliance function also contributes to the internal control system by providing oversight to embed awareness of group-relevant and locally relevant compliance risks and advising the business functions on possible control activities. In addition, compliance carries out independent testing of compliance risk-related controls.

ZLIC's compliance function implements Group compliance policies and issues additional compliance policies for ZLIC if required. ZLIC's compliance function supports a strong compliance culture within ZLIC through training and awareness initiatives in line with Zurich's code of conduct.

Zurich encourages its employees to report improper conduct that they believe is illegal, unethical, or violates Zurich's code of conduct, Group and local policies and/or other internal requirements. Employees are free to report their concerns to management, human resources, the Group's legal department, its compliance function, or anonymously through the Zurich ethics line (or similar service provided locally). ZLIC does not tolerate retaliation against any employee who reports such concerns in good faith.

C. Corporate governance and risk management (continued)

C.5 Internal audit

The primary role of the internal audit function, Group Audit (GA), is to help the ZLIC board, CEO and management to protect the assets, reputation and sustainability of ZLIC. GA does this by performing independent, risk-based and objective audit activities to systematically evaluate and challenge the adequacy and effectiveness of ZLIC's governance, risk management, and internal controls.

GA develops and delivers an annual risk-based audit plan, which is updated as risks change. The audit plan covers the key risks, including concerns and issues raised by the ARC, management and other stakeholders. The ARC is responsible for approving the annual plan and any material changes to it.

GA executes the plan in accordance with GA's methodologies, processes and procedures, conforming with Global Internal Audit Standards, issued by the Institute of Internal Auditors (IIA), and in line with recognized best practices.

Audit staff are expected to be independent and objective in all assignments and to do nothing that might prejudice or be perceived as prejudicing independence or objectivity. Audit staff have no direct operational responsibility or authority over any business activities, day-to-day risk management or control activities and, to ensure independence, all GA staff ultimately report (via senior audit staff) to the Group chief auditor, reporting to the chair of the ZIG audit committee.

GA is authorized to review all areas and has full, free and unrestricted access to all activities, accounts, records, property and personnel necessary to fulfill its duties. GA coordinates with internal and external providers of assurance services to align the timing of activities. This minimizes business impact, duplication of effort, highlights gaps in coverage of key risks, and enhances the overall value added.

GA executes the plan and reports the results of its work, in writing, to the ARC. The same report is provided to CEO and management prior to the ARC, unless a conflict of interest exists. The reporting includes, as relevant, details of the status of the plan's execution, the results of audit activities performed, insights on significant audit issues raised and the status of management's corrective actions. A member of GA attends each ARC meeting.

The ARC obtains an independent and objective external quality assessment of GA at appropriate intervals. GA, as a whole, is subject to a review at least every five years or more frequently, assessing its conformance to the Global Internal Audit Standards. An external quality assessment was conducted most recently in 2021. The results confirmed that GA's practices comply with all IIA standards.

C. Corporate governance and risk management (continued)

C.6 Actuarial function

The ZLIC actuarial function provides actuarial governance and reporting in line with Swiss laws and insurance regulations.

Within ZLIC, the ZLIC chief actuary coordinates the work of the ZLIC actuarial function. The ZLIC actuarial function prepares appropriate actuarial assumptions and calculates the SST and the technical reserves for use in local statutory accounts, in addition to meeting the actuarial reporting requirements of the Group. The ZLIC-appointed actuary reports to the ZLIC chief actuary and assumes the responsibilities according to Swiss insurance supervision law.

The ZLIC chief actuary is a member of the ZLIC management board. The ZLIC chief actuary and ZLIC-appointed actuary provide regular updates to the ZLIC ARC. The ZLIC actuarial function also follows the governance, reporting and process standards set by the Group actuarial function which is led by the Group chief actuary.

D. Risk profile

D.1 Introduction and ZLIC's key risks

ZLIC is fully integrated into Zurich's Group-wide risk assessment process. For more information on ZLIC's approach to risk management, please refer to the risk review section in the Zurich Insurance Group Annual Report 2025, which describes the Group's risk management framework and risk governance, reports on capital management and capital adequacy, and presents an analysis of the main risks. ZLIC's financial strength is enhanced by being part of Zurich Insurance Group.

ZLIC uses two means to identify and assess risks. One way is through the risk and capital model required by the SST. This model quantifies financial risks which threaten the capital of the company over a one-year time horizon. The other way is the TRP, which identifies all risks that threaten the objectives and strategy of the company assessed by their potential impact on a yearly basis, either on capital, earnings or reputation over a three-year planning horizon. The TRP process is applied to identify, assess, control and monitor these risks. Mitigation actions including deadlines and owners are defined for key risks. The TRP is completed annually with management's participation. Tracking the actions taken and providing updates on risks is carried out quarterly. Risk management is responsible for managing these tasks in an ongoing and timely way as part of its regular quarterly activities.

The significant risks for ZLIC, as measured by capital metrics, are life insurance risk, market risk, and credit risk as shown in the following table.

The figures shown are based on the SST standard model used by ZLIC. The current information on solvency shown in the report corresponds to the information submitted to FINMA in April 2026 and is subject to regulatory review.

Capital required for various types of risk:

Target capital by risk type

in CHF millions, for the years ended December 31	2024	Adjustments previous period	**2025**
Derivation of target capital			
Insurance risk	990		1,032
Market risk	1,305		1,261
Credit risk	400		397
Diversification effects	(638)		(645)
Other effects on target capital	(188)		(178)
Target capital	**1,870**		**1,867**

The figures shown in the table above include diversification within each risk type. The respective movements are explained in section G.

ZLIC uses its assessment processes and tools, including the TRP process, to reduce the risks of strategic business decisions. The key risks identified and assessed during the TRP conducted in 2025 include:

- Asset market volatility and investment returns (market risk)
- Reserve adequacy (life insurance risk)
- Partnership Zurich and VITA (Classic)
- Data protection and privacy
- Business resilience (business continuity management and crisis management)
- Implementation of legal and regulatory requirements for Corporate Life and Pensions

To reduce the likelihood or severity of key risks, mitigating actions have been developed and implemented. The status of these plans is monitored on a quarterly basis, including through a review of key risks and an assessment of the exposure.

The remainder of this section considers in turn each of the key categories of risk faced by ZLIC. ZLIC holds capital under the SST for life insurance risk, market risk and credit risk.

D. Risk profile (continued)

D.2 Life insurance risk
The risks associated with life insurance include:

Life liability risk

- Mortality risk – when, on average, the death incidence among policyholders is higher than expected.
- Longevity risk – when, on average, annuitants live longer than expected.
- Morbidity risk – when, on average, the incidence of disability due to sickness or accident among policyholders is higher than expected, or recovery from disability are lower than expected.

Life business risk

- Policyholder behavior risk – when, on average, policyholders discontinue or reduce contributions, or withdraw benefits prior to the maturity of contracts at a rate that is different from expected.
- Expense risk – when expenses incurred in acquiring and administering policies are higher than expected.
- New business risk – when volumes of new business are insufficient to cover fixed acquisition expenses.

Market risk

- Market risk: the risk associated with ZLIC's balance sheet positions where the value or cash flow depends on financial markets.

Credit risk

- Credit risk: the risk associated with a loss or potential loss from counterparties failing to fulfill their financial obligations.

While doing business, ZLIC may be exposed to making greater-than-expected current and future payments resulting from taking on those risks. Life insurance risk exposure stems primarily from changes in the expected value of provisions.

Life insurance risk is actively monitored, primarily by the ZLIC actuaries. In calculating premiums and reserves, the actuaries rely on the relevant local mortality, longevity and morbidity tables, as well as on tables developed internally, and use forecasting tools to estimate how the books of business will likely develop. Their analyses are presented to the management board to determine if proposed measures are sufficient to counter any negative developments.

Concentration risk arises if a company engages in single or highly correlated risks that have a significant potential for damage or loss in underwriting and investment.

Due to diversification, concentration risk in underwriting is very low. Large risks are passed on to reinsurers. There are effective accumulation controls in place.

D.3 Market risk, including investment credit risk
Market risk relates to the possibility of loss of value due to changes in financial market conditions. Risk factors include:

- Equity market price changes
- Real estate market price changes
- Interest rate changes
- Credit and swap spread changes
- Defaults of issuers
- Changes in currency exchange rates

ZLIC manages the market risk of assets relative to liabilities on an economic total balance sheet basis. This is done to achieve the maximum risk-adjusted excess return on assets relative to the liability benchmark, while considering ZLIC's risk tolerance and local regulatory constraints.

Market risk is significant for ZLIC when taking total risk capital requirements within the SST into account. The greatest market risks for ZLIC are related to equity market prices, interest rates, changes in real estate values and credit spread risk. These risks are of particular relevance to ZLIC, due to the characteristics of life insurance liabilities. Interest rate risk arises if the market value of assets declines by more or increases by less than the market value in liabilities, resulting in lower risk-bearing capital for shareholders.

D. Risk profile (continued)

The interest rate sensitivity of the investments is regularly reviewed as part of asset liability management (ALM) analysis and in the local ALM investment committee (ALMIC), and, where necessary, managed by taking the appropriate measures. Investment management is of particular importance in this regard, as outlined in the Zurich Risk Policy (ZRP). Duration and convexity gaps between investment portfolios and insurance liabilities must be addressed through consistent ALM. It is also important to actively review the market environment to identify potential opportunities to further reduce interest rate risk. Transactions with derivative financial instruments are undertaken exclusively for hedging purposes.

The risk of market price changes that may have a material impact on ZLIC's capital and earnings can be mitigated through rigorously defined asset-class targets and limits, as well as interest-rate sensitivity targets and limits, which are regularly monitored, reported and reviewed in the ALMIC. Investment management makes every effort to achieve adequate asset diversification and maintain good credit quality within the bond portfolio.

ZLIC's real estate portfolio is substantial. ZLIC's Swiss real estate portfolio is managed by Zurich Invest AG (ZIAG). Apart from adhering to ZRP rules and the FINMA investment directive, ZIAG carries out an annual revaluation of the property portfolio. A potential change in real estate values represents another key risk. Investment management reviews the real estate strategy for Switzerland to ensure portfolio resilience in the event of a market correction.

For ZLIC, the investment return is monitored as a key risk; investment management explores opportunities to enhance economic and accounting returns within economic capital (SST) guidelines and tied asset constraints.

ZLIC follows the prudent person principle. Potential concentration risk in investments is limited by the appropriate level of diversification. The strategic asset allocation (SAA) aims to diversify investments across different asset classes, countries, industry sectors and issuers. To further reduce the concentration risk, the investment guidelines, which follow FINMA requirements, as well as Swiss Insurance Supervision Law, define limits on issuer, sector and/or rating (depending on asset class). Investment oversight and monitoring is done on a regular basis by the ALMIC.

To control concentration risk, ZLIC adheres to provisions set out in the ZRP and adheres to all regulatory requirements related to the mix and range of investments.

D.4 Other credit risk

Credit risk is the risk associated with a loss or potential loss resulting from counterparties failing to fulfill their financial obligations to ZLIC in accordance with the agreed terms.

This risk to ZLIC mostly relates to third-party investments in Switzerland. However, ZLIC also faces intragroup credit risk through its lending to ZIC, as well as risk related to very small amounts of receivables and reinsurance credit risks.

ZLIC's objective in managing credit risk exposures is to maintain these risks within parameters that reflect their strategic objectives, and its risk appetite and tolerance. Sources of credit risk are assessed and monitored on a continuous basis.

In cases in which credit risk deteriorates, receivables from policyholders are adjusted by a lump sum to avoid accumulating significant risk positions.

D. Risk profile (continued)

D.5 Operational risk

Operational risk is the risk of financial loss, adverse reputational, legal, or regulatory impact, resulting from inadequate or failed processes, people, systems or from external events, including external fraud, catastrophes, or failure in outsourcing arrangements.

ZLIC applies the following framework to assess operational risk

Key operational risks comprise threats to achieving the overarching strategic goals of ZLIC. Zurich has operational risk processes to identify, assess, quantify, mitigate, monitor, and report operational risk within the Group, which ZLIC also applies. The core components of the operational risk management framework are:

- Identification and assessment of operational risks: Risks which are identified and assessed above a certain threshold require a risk response. Mitigating actions are documented and tracked on an ongoing basis. In the assessments, ZLIC uses sources of information such as the TRP process, internal control assessments, audit findings and operational event data.
- Operational event management (OEM): The ZRP requires documentation and evaluation of operational events above a threshold in a Group-wide database. To avoid recurring operational loss events, 'near misses' and complaints, mitigating actions are put in place.
- Reporting: Regular reports on the risk profile, current risk issues, policy adherence requests (exceptions) and actions to make improvements are prepared. There are procedures in place for referring risk issues to the management board.
- Internal control system: Internal controls are one of ZLIC's responses to reduce material operational risks, including those in financial reporting and compliance, to an acceptable level.

The ZRP policy manuals and standards contain requirements for managing operational risks related to the handling of data, information security, business resilience, models, security, safety practices, third parties, internal controls, Group insurance programs and risks pertaining to investment operations, fraud and project risks.

Operational risks pertaining to services supplied by third parties are systematically monitored based on the requirements defined in the third-party ZRP manual.

D.6 Liquidity risk

Liquidity risk is the risk that ZLIC's liquidity sources are insufficient to meet its liquidity needs under either current conditions or possible stress in the future.

ZLIC holds a significant liquidity position in a group internal cash pool, where it can access liquidity when needed. Ownership of the cash provided to the pool lies with ZLIC.

Within the ZLIC Risk Appetite Statement a number of long- and short-term risk tolerance limits are defined, monitored and reported in the corresponding quarterly assurance report which is presented at the quarterly ZLIC board meetings.

D. Risk profile (continued)

D.7 Other material risks

D.7.1 Strategic risk

ZLIC defines strategy as the long-term plan of action designed to allow ZLIC to achieve its goals and aspirations based on Zurich's purpose and values. Strategic risk is defined as the risk that the strategy, or parts of it, may become sub-optimal or unachievable.

Strategic risks can arise from:

- Internal triggers such as inadequate risk-reward assessment of strategic plans or changes to underlying assumptions.
- External triggers including macroeconomic or geopolitical events or trends, regulatory or legal changes, or developments in the competitor landscape.

Strategic risks can result in:

- the expected value of the strategy, even if executed as intended, being limited; or
- creating a misalignment between the strategy and Zurich's purpose and values.

Strategic risks are further categorized as follows:

- Strategic investments, mergers and acquisitions (M&A), joint ventures, divestments
- Markets and competition
- Brand
- Sustainability

ZLIC identifies, assesses, and manages risks associated with strategic business decisions through its risk assessment processes and tools, including the TRP process.

D.7.2 Reputational risk

Many factors can affect ZLIC's reputation including corporate strategy, market conduct, relationship with customers, brand image, underwriting practices, claims handling, marketing efforts, corporate responsibility, workplace culture, regulatory compliance, financial performance, communications, and crisis management. Every risk type has potential consequences for ZLIC's reputation. Effectively managing these risks supports the prevention of adverse reputational outcomes.

ZLIC aims to preserve its reputation by:

- Adhering to applicable laws and regulations.
- Following the core values and principles of the Group's code of conduct that promote integrity and good business practice.

Zurich's code of conduct applies to all its employees. Employees must complete an annual training session to make them aware of ZLIC's guidelines and approach, and employee surveys are regularly carried out, offering another way to identify potential risks to Zurich's reputation.

Specific reputational risks are evaluated as part of the TRPs, and if necessary, addressed with appropriate mitigating measures.

E. Valuation

E.1 Overarching valuation principles

For SST calculations, all assets and liabilities are valued in accordance with economic principles in a market-consistent manner and their valuations are presented in the MCBS. In general, the MCBS applies the same fair value measurement and hierarchy as the Group IFRS annual financial statement, unless stated otherwise. In such cases, fair value is determined on a best-estimate valuation basis, without margins, using assumptions and parameters as defined by FINMA or based on management's judgment.

To summarize, the following valuation hierarchy applies for assets:

MCBS valuation principles

Mark-to-market	Highest priority for third-party assets, IFRS equity instruments and eligible capital instruments	Fair value as defined in the consolidated IFRS financial statements;
Mark-to-model	If mark-to-market cannot be applied	Fair value as defined in the consolidated IFRS financial statements; or Best estimate valuation using parameters or assumptions explicitly stipulated by FINMA (e.g., liabilities valued at discounted cash flows using risk-free rate, thus, without consideration of own credit risk).
IFRS carrying value		As a practical expedient, IFRS carrying value other than fair value is used as proxy to market-consistent valuation provided such measurement can be considered reasonable. For example, IFRS carrying value may be considered as a reasonable proxy based on the following considerations: – It represents current balances (e.g., cash accounts); or – It involves high-frequency turnover with daily settlements (e.g., operational clearing accounts); or – It is expected to be settled/realized within a relatively short period after origination (generally, within three months and always less than 12 months) and is exposed to only insignificant risk of changes in value.

When applying the mark-to-model method, adequate and best-practice valuation models and methodologies are used and sufficiently documented.

Within asset classes, investments accounted for at fair value under IFRS will be valued the same in MCBS. This includes fair value through other comprehensive income (OCI) and fair value through profit or loss equity and debt instruments, real estate for investment, investment trusts, hedge funds, derivatives and unit-linked investments.

For investments accounted for at nominal value, at amortized cost or at equity method under IFRS, the market-consistent value will not be equal to IFRS carrying value and will be determined using IFRS fair value principles. This includes amortized cost bonds, real estate held for own use or for sale and mortgages.

Within the Zurich Insurance Group, the MCBS value of intra-group loans is symmetrical. It is based on IFRS carrying values and adjusted, as needed, to allow for valuation at risk-free interest rates.

E. Valuation (continued)

E.2 Market-consistent balance sheet following SST principles

Asset valuation MCBS vs Swiss local statutory

in CHF millions, for the years ended December 31	2024 (SST)	**2025 (SST)**	Difference to 2024 (SST)	**2025 (Swiss local stat.)**	Difference SST to Swiss local stat.
Market-consistent value of investments					
Real estate	3,207	3,030	(177)	1,558	1,472
Participations	–	–	–	4	(4)
Fixed-income securities	10,195	9,615	(581)	10,388	(773)
Loans	142	71	(71)	71	(0)
Mortgages	1,741	1,561	(180)	1,545	16
Equities	478	634	156	1,232	(597)
Other investments	1,808	2,138	330	412	1,725
Collective investment schemes	715	514	(200)	–	514
Alternative investments	657	1,212	556	–	1,212
Structured products	–	–	–	–	–
Other investments	436	411	(25)	412	(1)
Total investments	**17,571**	**17,049**	**(522)**	**15,210**	**1,839**
Market-consistent value of other assets					
Financial investments from unit-linked life insurance	1,406	1,677	272	1,807	(130)
Receivables from derivative financial instruments	411	386	(25)	64	322
Deposits made under assumed reinsurance contracts	–	–	–	–	–
Cash and cash equivalents	1,769	1,988	219	343	1,645
Share of technical provisions from reinsurance	26	31	5	30	1
Direct insurance: life insurance business (excluding unit linked life insurance)	26	31	5	30	1
Reinsurance: life insurance business (excluding unit linked life insurance)	–	–	–	–	–
Direct insurance: non-life insurance business	–	–	–	–	–
Reinsurance: non-life insurance business	–	–	–	–	–
Direct insurance: health insurance business	–	–	–	–	–
Reinsurance: health insurance business	–	–	–	–	–
Direct insurance: other business	–	–	–	–	–
Reinsurance: other business	–	–	–	–	–
Direct insurance: unit-linked life insurance business	–	–	–	–	–
Reinsurance: unit-linked life insurance business	–	–	–	–	–
Fixed assets	5	5	(0)	–	5
Deferred acquisition costs	–	–	–	–	–
Intangible assets	–	–	–	8	(8)
Receivables from insurance business	30	33	3	31	2
Other receivables	133	117	(16)	1,707	(1,589)
Other assets	8	–	(8)	–	–
Unpaid share capital	–	–	–	–	–
Accrued assets	238	236	(2)	154	82
Total other assets	**4,023**	**4,473**	**450**	**4,145**	**328**
Total market-consistent value of assets	**21,595**	**21,522**	**(72)**	**19,355**	**2,167**

E. Valuation (continued)

Assets

The MCBS value of assets was CHF 22 billion at year-end 2025. The value of investment assets reduced to CHF 17 billion. The value of non-investment assets, including assets for unit-linked business, receivables from derivative financial instruments and cash and cash equivalents remained stable at CHF 4 billion. The amount of real estate, mortgages, loans and fixed-income securities decreased owing to sales and repayments over the year whereas the amount of equities and other investments increased.

While assets are valued in a market-consistent manner in MCBS for SST calculations, under Swiss local statutory reporting, assets are carried at amortized cost, at cost value less impairment, at the lower of cost or market value, or at nominal value less impairment. These differences in approach can lead to material differences between the asset values as determined using IFRS, Swiss local statutory reporting or MCBS. This effect is observed in the differences in values of real estate, equities, mortgages, derivatives – in particular swaptions – and fixed income securities. In addition, hedge funds and private equity are classified as equities under Swiss local statutory reporting rather than as alternative investments in the MCBS. The aggregate value of investment assets was CHF 1.8 billion greater for SST than for Swiss local statutory reporting at year-end 2025.

There are further classification and valuation differences to be noted in the different ways that the SST and the Swiss local statutory reporting non-investment assets. Cash pooling assets are classified as receivables under Swiss local statutory reporting, whereas under SST they are classified as cash and cash equivalents. Overall, the differences in the remaining non-investment assets result in an SST valuation for year-end 2025 that is CHF 0.3 billion higher than would be the case using Swiss local statutory reporting. This is mainly due to the differences in valuation related to derivatives – swaptions in particular.

Overall, the value of assets is CHF 2.2 billion higher calculated using the market-consistent SST basis, than it is using the amortized cost value basis under Swiss local statutory reporting. This is comparable to last year's differences, reflecting both the impact of unrealized gains and the effect of asset sales throughout the year.

E. Valuation (continued)

Liability valuation MCBS vs Swiss local statutory

in CHF millions, for the years ended December 31

	2024 (SST)	**2025 (SST)**	Difference to 2024 (SST)	**2025 (Swiss local stat.)**	Difference SST to Swiss local stat.
Market-consistent value of liabilities (including unit linked life insurance)					
Best estimate of insurance liabilities	**(13,207)**	**(12,781)**	**426**	**(14,596)**	**1,815**
Direct insurance: life insurance business (excluding unit linked life insurance)	(13,206)	(12,780)	426	(14,596)	1,816
Reinsurance: life insurance business (excluding unit linked life insurance)	(1)	(1)	0	(0)	(0)
Direct insurance: non-life insurance business	–	–	–	–	–
Reinsurance: non-life insurance business	–	–	–	–	–
Direct insurance: health insurance business	–	–	–	–	–
Reinsurance: health insurance business	–	–	–	–	–
Direct insurance: other business	–	–	–	–	–
Reinsurance: other business	–	–	–	–	–
Best estimate of unit-linked life insurance liabilities	**(1,120)**	**(1,355)**	**(235)**	**(1,622)**	**267**
Direct insurance: unit-linked life insurance business	(1,120)	(1,355)	(235)	(1,622)	267
Reinsurance: unit-linked life insurance business	–	–	–	–	–
Market value margin	(682)	(695)	(14)	–	(695)
Total market-consistent value of liabilities (including unit linked life insurance)	**(15,008)**	**(14,831)**	**177**	**(16,218)**	**1,387**
Market-consistent value of other liabilities					
Non-technical provisions	(3)	(2)	1	(138)	136
Interest-bearing liabilities	(268)	(263)	5	(0)	(263)
Liabilities from derivative financial instruments	(63)	(14)	49	(14)	(0)
Deposits retained on ceded reinsurance	(16)	(17)	(0)	(17)	0
Liabilities from insurance business	(82)	(32)	49	(35)	3
Other liabilities	(693)	(943)	(250)	(1,335)	392
Accrued liabilities	(391)	(414)	(23)	(142)	(272)
Subordinated debts	(541)	(541)	(0)	(530)	(11)
Total market-consistent value of other liabilities	**(2,056)**	**(2,226)**	**(170)**	**(2,211)**	**(15)**
Total market-consistent value of liabilities	(17,064)	(17,057)	7	(18,430)	1,373
Market-consistent value of assets minus market-consistent value of liabilities	**4,530**	**4,465**	**(66)**	**925**	**3,540**

Insurance liabilities

- For SST, liability cash flows are projected based on best-estimate demographic and policyholder behavior assumptions. These assumptions are generally company specific, in particular for expenses, and demographic assumptions. These assumptions are derived from experience analyses of historic values and industry data. Specific assumptions are described as follows:
- Demographics: Mortality, longevity, morbidity incidence and morbidity recovery assumptions are based on experience data analysis including Swiss and other industry statistics.
- Policyholder behavior: Policyholder behavior assumptions include surrenders, lapses and option take-up and are based on ZLIC's own experience.
- Further company-specific assumptions: Expenses are calculated best estimate (going-concern). No future improvements from efficiencies are considered in the calculation, and one-off expenses are also excluded.
- Management actions, such as strategic asset allocation and policyholder participation principles, are modeled consistently in line with agreed practices.

E. Valuation (continued)

The run-off view prescribed by the FINMA standard model is used. This excludes discretionary benefits, and for Swiss Corporate Life and Pensions business, excludes future premiums after the second projection year.

For SST, economic assumptions are used as provided by FINMA and are determined such that projected cash flows are valued in line with the prices of similar cash flows that are traded on capital markets. Risk-free valuation yields are calibrated to levels matching mid-market quoted government bond prices. Market-consistent liabilities are calculated prior to shareholder tax.

Market-consistent liabilities are best estimates. They differ from the local statutory liabilities, which correspond to liabilities valued according to more prudent assumptions as required by the Swiss Code of Obligations.

Life insurance liabilities gross of reinsurance are part of the MCBS and apart from a few 'de minimis' items are all directly written. Overall, ZLIC makes limited use of reinsurance as a proportion of overall liabilities; corresponding reinsurance assets are shown on the asset side of the MCBS on the previous page.

The market value of insurance liabilities remained at CHF 15 billion at year-end 2025.

In contrast to the market-consistent view, valuation for Swiss local statutory reporting embeds a degree of prudence in demographic assumptions. The valuation interest rate for Swiss local statutory reserving is also set cautiously. The overall Swiss local statutory reserving basis is therefore more conservative than the best-estimate approach used for SST, and as such the overall value of all insurance liabilities (including unit-linked life insurance liabilities and market value margin) was CHF 1 billion lower for SST than it was for Swiss local statutory reporting as of December 31, 2025.

Other liabilities

These liabilities include various positions valued at market value. They include cash pooling liabilities, subordinated debt, collateral payables from hedging activities, repurchase obligations and tax provisions. For SST the total other liabilities remained at CHF 2 billion. Overall other liabilities for SST were CHF 0.02 billion higher than other liabilities for Swiss local statutory reporting, primarily due to SST provisions for deferred real estate taxes, partially offset by non-technical statutory provisions which are not relevant for best-estimate SST valuation. There are further classification and valuation differences between the SST and the Swiss local statutory reporting for other liabilities. Cash pooling liabilities are classified as payables under Swiss local statutory reporting, whereas under SST they are classified as interest bearing liabilities.

F. Capital management

ZLIC's capital management and planning approach is embedded in the overall capital management policy of Zurich Insurance Group. The approach is designed to maximize long-term shareholder value through an optimal capital allocation, while managing the balance sheet in accordance with regulatory and solvency requirements, including managing and monitoring of local statutory capital adequacy of ZLIC operations in Switzerland, as well as in its foreign branch.

As a legal entity, ZLIC is obliged to take into account its regulatory solvency position as part of its business plans. This includes planned dividends and cash remittances, as well as potential risks that may affect the ability to make these payments in future.

The capital planning horizon aligns with the overall planning cycle.

In addition to the capital and liquidity held within ZLIC, Zurich holds substantial amounts of capital and liquidity centrally at Group level. This centrally held capital can be deployed into subsidiaries if needed, (and upon exhaustion of agreed local capital management actions), providing resilience to absorb potential losses caused by very large risk events. The solvency and financial condition of ZLIC must therefore be understood in the context of the resilience and stability of the Group.

ZLIC must maintain regular monitoring to keep it within the solvency and capital requirement targets set in accordance with ZLIC's Risk Appetite Statement as described in this report and ensure adherence to local laws and regulations. In particular, ZLIC must ensure compliance with regulatory capital reporting standards such as correct classification and reporting of own fund items.

ZLIC is subject to the SST and tied asset regulations, and Swiss law on solvency more generally. Statutory shareholder equity, SST and tied assets are thus considered when planning capital or cash repatriations to the Group.

Internal target ratios and/or thresholds, as defined in ZLIC's Risk Appetite Statement, are considered when assessing and defining the potential to allow cash to be lent to, or for dividends to be paid to the Group.

Tied asset requirements are calculated and tracked according to FINMA guidelines and their development is analyzed. From a risk appetite perspective, ZLIC's board is informed in the event that any transaction or business plan might result in ZLIC's tied asset ratio falling below defined levels.

The following table shows the composition of shareholders' equity as of December 31, 2025 and 2024 respectively (according to Swiss local statutory reporting), and before appropriation of available earnings. The CHF 45 million decrease in equity capital in 2025 was driven by the CHF 165 million dividend paid which was more than the CHF 120 million of net income after taxes.

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Shareholders' equity

in CHF millions, as of December 31	2024	**2025**	Change
Share capital	60	60	–
Statutory retained earnings	41	41	–
Voluntary retained earnings	745	703	(42)
Profit carried forward	–	1	1
Net income after taxes	124	120	(4)
Total shareholders' equity	**970**	**925**	**(45)**

Swiss local statutory shareholders' equity is CHF 4.0 billion lower than SST risk-bearing capital. As explained in more detail in the previous section, this difference is primarily due to the following: a CHF 3.5 billion difference in asset and liability valuation, together with CHF 0.5 billion eligible subordinated debt that is not treated as a liability under SST, partially offset by the CHF 0.1 billion proposed cash dividend, which reduced SST risk-bearing capital but not local statutory shareholders' equity.

G. Solvency

ZLIC assesses its solvency under the SST. In performing the SST, ZLIC evaluates its solvency and financial condition, expressed as the SST ratio. The SST ratio must be calculated as at 31 December and submitted to FINMA. For businesses focused on Switzerland, FINMA typically requires the use of the SST standard model. In line with this requirement, ZLIC applies the SST standard model for its SST assessment.

ZLIC is part of the Zurich Insurance Group which maintains a strong capital position. As of December 31, 2025, the IFSR of ZIC was 'AA/stable' by Standard & Poor's, 'Aa2/stable' by Moody's and 'A+(Superior)/stable' by AM Best. AM Best's Issuer Credit rating is 'aa/stable'. Furthermore, Zurich Insurance Group's unaudited estimated SST ratio was 259 percent as of December 31, 2025.

Breakdown of target capital into essential components

ZLIC's implementation of the SST standard model follows the design principles and requirements set out by FINMA. In particular, the risks considered are market, insurance and credit risks. For ZLIC, the risks that are most material are the following:

- Market risk (ALM) covers potential adverse changes in net asset values due to movements in markets that affect, for example, interest rates, credit spreads, equity prices, real estate and foreign exchange rates, as well as respective volatilities.
- Life insurance risks comprise the risks of an adverse movement of in-force business due to developments in biometric experience relative to current expectations or resulting from unanticipated adverse changes in maintenance expenses or persistency experience.
- Credit risks comprise the risk of a decrease in the value of assets due to changes (migrations) in the credit quality of counterparties and eventual default. The SST standard model allows for both third-party investment credit risk, in which exposure consists mainly of bonds, mortgage-backed securities, mortgages, loans and cash, and other credit risks. Other credit risks include reinsurance credit risk in which the exposure consists of net reinsurance receivables, receivables credit risk, and intragroup credit risk.

For the years ended December 31, 2025 and 2024, respectively, the breakdown in target capital was as follows:

Solvency

in CHF millions, for the years ended December 31	2024	Adjustments previous period	2025
Derivation of risk-bearing capital			
Market-consistent value of assets minus market-consistent value of liabilities	4,530		4,465
Deductions (proposed dividends)	(165)		(120)
Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital	–		–
Core capital	**4,365**		**4,345**
Supplementary capital	541		541
Risk-bearing capital	**4,907**		**4,886**
Derivation of target capital			
Insurance risk	990		1,032
Market risk	1,305		1,261
Credit risk	400		397
Diversification effects	(638)		(645)
Other effects on target capital	(188)		(178)
Target capital	**1,870**		**1,867**
SST ratio	**262%**		**262%**

G. Solvency (continued)

The values shown here already reflect diversification within each risk type with regard to individual risk drivers. The item 'Other effects on target capital' consists of run-off expenses, the effect of scenarios on target capital, the release of cost of capital provisions and the reduction in target capital for the expected financial result. The SST ratio is defined in the Insurance Supervision Ordinance as the ratio of risk-bearing capital to target capital.

Comments on the SST ratio

The ZLIC SST ratio of 262 percent as of December 31, 2025 remained stable compared to 262 percent at December 31, 2024. ZLIC's capitalization remains strong as measured by SST.

Risk-bearing capital decreased and target capital decreased. The CHF 0.02 billion decrease in risk-bearing capital was mainly driven by updated economic assumptions, disability experience and the impact of the proposed dividend, partially offset by returns on equity and real estate. The decrease in target capital was mainly driven by a reduction in market risk.

The data, methods, and results of the Swiss Solvency Test for ZLIC are produced in accordance with the Insurance Supervision Ordinance (ISO, art. 21 seqq.). ZLIC's SST is calculated using the SST standard model.

Breakdown of market risk into essential components

The following chart shows the market risk broken down into its essential components:

- Interest rate risk refers to the risk of a reduction in risk-bearing capital due to movements in interest rates.
- Spread risk, equity risk and real estate risks refer to the risks that a decline in market prices will reduce the value of debt, equity and real estate assets, respectively. For unit-linked business, such a decline would largely be reflected in reduced liability values. For the rest of ZLIC's business, the loss in market value due to a widening of credit spreads or a fall in equity or real estate prices would not be passed on to policyholders to the same extent, reducing risk-bearing capital. Private equity and hedge fund risks are shown with equities.
- Other risk relates to the change in value of assets and/or liabilities in response to changes in implied volatilities as well as government bond vs swap spread risk.

Solvency – Market risk

in CHF millions, for the years ended December 31	2024	Adjustments previous period	**2025**
Market risk derivation of target capital			
Interest rate risk	457		362
Spread risk	527		493
Exchange rate risk	265		296
Equity risk	595		621
Real estate risk	459		428
Other risk	41		45
Diversification	(1,038)		(984)
Total of market risk target capital	**1,305**		**1,261**

Market risk decreased during 2025, primarily due to reductions in interest rate risk and real estate risk, partially offset by an increase in exchange rate risk.

G. Solvency (continued)

The following table shows life insurance risk broken down into its essential components:

- Mortality risk is the risk that liabilities increase due to higher-than-expected mortality rates.
- Longevity risk is the risk that liabilities increase due to lower-than-expected mortality rates for annuitants.
- Morbidity incidence risk is the risk that liabilities increase due to higher-than-expected rates of morbidity inception.
- Morbidity recovery risk is the risk that liabilities increase due to lower-than-expected rates of recovery.
- Lapse risk is the risk that more policyholders than expected allow their policies to lapse or surrender their policies, to the disadvantage of ZLIC.
- Expense risk is the risk that the expenses of running the in-force business are higher than expected.

Solvency – Insurance risk

in CHF millions, for the years ended December 31	2024	Adjustments previous period	**2025**
Insurance risk derivation of target capital			
Life insurance liabilities			
Mortality	52		49
Longevity	320		310
Morbidity incidence	224		250
Morbidity recovery	1,002		1,087
Business risk			
Expenses	382		333
Lapses	37		41
Option take-up	0		0
Diversification	(1,027)		(1,039)
Total of insurance risk target capital	**990**		**1,032**

Insurance risk increased slightly to CHF 1.0 billion. The main driver of the increase was increased morbidity recovery risk in Corporate Life and Pensions due to higher disability liabilities.

Breakdown of risk-bearing capital into essential components:

The following table shows a breakdown of the risk-bearing capital based on its essential components. The risk-bearing capital calculation starts with assets less liabilities, as set out in the market-consistent balance sheet. The core capital is then calculated based on net assets less liabilities and deductions for proposed dividends. Subordinated debt with equity features approved by FINMA as eligible for inclusion in risk-bearing capital is included in the liabilities and is added to the core capital to arrive at the amount of risk-bearing capital.

Market-consistent balance sheet

in CHF millions as of December 31	2024	Adjustments previous period	**2025**
Assets	21,595		21,522
Liabilities	(17,064)		(17,057)
Deductions (proposed dividends)	(165)		(120)
Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital	–		–
Core capital	**4,365**		**4,345**
Supplementary capital	541		541
Risk-bearing capital	**4,907**		**4,886**

Appendix 1: Quantitative templates

Income statement Solo

in CHF millions, for the years ended December 31		Total		Individual Life	
		2024	**2025**	2024	**2025**
1	Gross written premiums	1,275	1,322	285	274
2	Premiums ceded to reinsurers	(27)	(28)	(1)	(2)
3	Net written premiums	1,248	1,294	284	272
4	Change in reserves for unearned premiums, gross	5	5	5	5
5	Change in reserves for unearned premiums, ceded	0	(0)	–	–
6	Net earned premiums	1,253	1,299	289	277
7	Other income from insurance business	15	16	1	(2)
8	**Total technical income**	**1,268**	**1,315**	**290**	**275**
9	Claims paid, annuities and loss adjustment expenses, gross	(1,485)	(1,525)	(592)	(604)
10	Claims paid, annuities and loss adjustment expenses, ceded	19	9	(0)	–
11	Change in insurance reserves, gross	78	336	127	263
12	Change in insurance reserves, ceded	3	(3)	(0)	–
13	Change in actuarial provisions for unit-linked contracts	(218)	(259)	–	–
14	Insurance benefits and losses, net of reinsurance	(1,604)	(1,442)	(465)	(341)
15	Underwriting & policy acquisition costs, gross	(140)	(140)	(37)	(40)
16	Underwriting & policy acquisition costs, ceded	6	7	0	0
17	Underwriting & policy acquisition costs, net of reinsurance	(134)	(133)	(37)	(40)
18	Administrative and other expense	(330)	(165)	(97)	(48)
19	**Total technical expense (non-life insurance only)**	**–**	**–**	**–**	**–**
20	Investment income	1,003	582	725	428
21	Investment expenses	(114)	(94)	(64)	(63)
22	**Net investment result**	**889**	**488**	**662**	**365**
23	Net investment result on unit-linked investments	99	126	–	–
24	Other financial income	23	4	5	1
25	Other financial expense	(3)	(3)	(1)	(1)
26	**Operating result**	**210**	**190**	**355**	**212**
27	Interest expense on debt and other interest expense	(60)	(51)		
28	Other income	–	–		
29	Other expense	–	–		
30	Extraordinary income/expense	–	–		
31	**Net income before taxes**	**150**	**139**		
32	Direct tax expenses	(26)	(19)		
33	**Net income after taxes**	**124**	**120**		

Line items 7, 18–22, 24–26: LoB allocated according to GWP

Appendix 1: Quantitative templates (continued)

Swiss business								Foreign business	
Group Life		Unit-linked		Other		Total		Total	
2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**
509	542	465	487	–	–	1,259	1,303	16	19
(26)	(26)	–	–	–	–	(27)	(28)	(0)	(0)
483	516	465	487	–	–	1,232	1,275	16	19
(0)	(0)	–	–	–	–	5	5	0	0
0	(0)	–	–	–	–	0	(0)	–	–
484	516	465	487	–	–	1,237	1,280	16	19
8	11	5	6	–	–	15	15	1	0
491	**527**	**470**	**493**	**–**	**–**	**1,252**	**1,295**	**17**	**19**
(684)	(678)	(163)	(198)	–	–	(1,438)	(1,480)	(47)	(45)
19	9	–	–	–	–	19	9	–	–
(56)	72	(23)	(27)	–	–	47	309	30	27
3	(3)	–	–	–	–	3	(3)	(0)	(0)
–	–	(218)	(260)	–	–	(218)	(260)	(0)	0
(717)	(599)	(404)	(484)	–	–	(1,586)	(1,424)	(17)	(17)
(50)	(51)	(51)	(48)	–	–	(138)	(139)	(1)	(1)
6	7	–	–	–	–	6	7	0	0
(44)	(44)	(51)	(48)	–	–	(132)	(132)	(1)	(0)
(127)	(45)	(97)	(75)	–	–	(321)	(169)	(8)	4
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
265	154	0	0	–	–	991	582	12	0
(27)	(32)	(0)	(0)	–	–	(91)	(94)	(23)	(0)
238	**122**	**(0)**	**(0)**	**–**	**–**	**899**	**487**	**(10)**	**0**
–	–	98	125	–	–	98	125	1	0
9	1	8	2	–	–	22	4	2	0
–	–	(2)	(2)	–	–	(3)	(3)	–	–
(150)	**(38)**	**22**	**11**	**–**	**–**	**228**	**184**	**(18)**	**6**

Appendix 1: Quantitative templates (continued)

Market-consistent balance sheet: Market-consistent value of assets

In CHF millions, as of December 31	2024	Adjustments previous period	**2025**
Market-consistent value of investments			
Real estate	3,207		3,030
Participations	–		–
Fixed-income securities	10,195		9,615
Loans	142		71
Mortgages	1,741		1,561
Equities	478		634
Other investments	1,808		2,138
Collective investment schemes	715		514
Alternative investments	657		1,212
Other investments	436		411
Total investments	**17,571**		**17,049**
Market-consistent value of other assets			
Financial investments from unit-linked life insurance	1,406		1,677
Receivables from derivative financial instruments	411		386
Deposits made under assumed reinsurance contracts	–		–
Cash and cash equivalents	1,769		1,988
Share of technical provisions from reinsurance	26		31
Direct insurance: life insurance business (excluding unit-linked life insurance)	26		31
Direct insurance: unit-linked life insurance business.	–		–
Fixed assets	5		5
Receivables from insurance business	30		33
Other receivables	133		117
Other assets	8		–
Accrued assets	238		236
Total other assets	**4,023**		**4,473**
Total market-consistent value of assets	**21,595**		**21,522**

Appendix 1: Quantitative templates (continued)

Market-consistent balance sheet: Market-consistent value of liabilities

In CHF millions, as of December 31	2024	Adjustments previous period	2025
Market-consistent value of liabilities (including unit linked life insurance)			
Best estimate of provisions for insurance liabilities	**(13,207)**		**(12,781)**
Best estimate of provisions for unit-linked life insurance liabilities	**(1,120)**		**(1,355)**
Market value margin	**(682)**		**(695)**
Market-consistent value of other liabilities			
Non-technical provisions	(3)		(2)
Interest-bearing liabilities	(268)		(263)
Liabilities from derivative financial instruments	(63)		(14)
Deposits retained on ceded reinsurance	(16)		(17)
Liabilities from insurance business	(82)		(32)
Other liabilities	(693)		(943)
Accrued liabilities	(391)		(414)
Subordinated debts	(541)		(541)
Total market-consistent value of liabilities	**(17,064)**		**(17,057)**
Market-consistent value of assets minus market-consistent value of liabilities	**4,530**		**4,465**

Solvency

in CHF millions, for the years ended December 31	2024	Adjustments previous period	2025
Derivation of risk-bearing capital			
Market-consistent value of assets minus market-consistent value of liabilities	4,530		4,465
Deductions (proposed dividends)	(165)		(120)
Tier 1 risk-absorbing capital instruments (RAC) counted towards core capital	–		–
Core capital	**4,365**		**4,345**
Supplementary capital	541		541
Risk-bearing capital	**4,907**		**4,886**
Derivation of target capital			
Insurance risk	990		1,032
Market risk	1,305		1,261
Credit risk	400		397
Diversification effects	(638)		(645)
Other effects on target capital	(188)		(178)
Target capital	**1,870**		**1,867**
SST ratio	**262%**		**262%**

Appendix 2: Reference to the ZLIC Annual Report including report of the statutory auditors

The Financial Condition Report is not audited.

The financial statements of Zurich Life Insurance Company Ltd, which comprise the income statement, balance sheet and notes to the financial statements for the year ended December 31, 2025, are audited. Please refer to the report of the statutory auditor in the ZLIC Annual Report 2025, page 14: https://www.zurich.com/investor-relations

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