

Zurich Australia Capital Disclosures - 31 December 2021

The Australian Prudential Regulation Authority (APRA) is the prudential regulator of the Australian financial services industry. APRA establish and enforce prudential standards and practices on the institutions they supervise in order to protect the financial interests of the Australian community.

The Capital Adequacy Prudential Standards (LPS 110 and GPS 110) require an insurance company to maintain adequate capital against the risks associated with its activities. A key feature of the standards is also a requirement that the insurer make certain public disclosures about its capital adequacy position.

The following information has been prepared for the purpose of satisfying these requirements and to improve the understanding of policy owners and other market participants of each company's capital adequacy.

The information below is issued by Zurich Australia Limited ABN 92 000 010 195, OnePath Life Limited ABN 33 009 657 176, Zurich Australian Insurance Limited ABN 13 000 296 640, OnePath General Insurance Pty Limited ABN 56 072 892 365 and Zurich Financial Services Australia ABN 11 008 423 372 and is current as at 31 December 2021.

Zurich Australia Limited

(\$m)	SF2	SF3	SHF	Zurich Australia Limited
Net Assets	1,327	19	273	1,619
Regulatory adjustments to net assets	(1,016)	-	(247)	(1,263)
Net assets after regulatory adjustments	311	19	26	356
Capital Base	311	19	26	356

Notes to table:

- The entire capital base is Common Equity Tier 1 Capital.
- All regulatory adjustments to ZAL's net assets are applied to the calculation of Common Equity Tier 1 Capital.
- No Additional Tier 1 Capital or Tier 2 Capital is held by ZAL, the statutory funds SF2 or SF3, or the shareholder fund SHF. No regulatory adjustments are applied to the calculation of Additional Tier 1 Capital or Tier 2 Capital.

(\$m)	SF2	SF3	SH Fund	Zurich Australia Ltd
Capital Base	311	19	26	356
<u>Prescribed Capital Amount</u>				
Insurance risk capital charge	80	-	-	80
Asset risk charge	60	-	2	62
Asset concentration risk charge	-	-	-	-
Operational risk charge	26	3	-	29
Less aggregation benefit	(31)	-	-	(31)
Combined stress scenario adjustment	-	-	-	-
Total Prescribed Capital Amount	135	3	2	140
Capital Adequacy Multiple	2.30	5.38	11.64	2.52

Each policy written by Zurich Australia Limited is associated with and supported by the assets of one or more of these statutory funds (Statutory Fund No. 2 is wholly non-investment linked, Statutory Fund No. 3 is wholly investment linked)

in addition to the Shareholder Fund (SHF). Each individual statutory fund is required to comply with the APRA requirements as is the Life Company as a whole.

OnePath Life Limited

(\$m)	SF1	SF2	SF3	SF4	SF5	SHF	OnePath Life Limited
Net Assets	884	13	316	20	19	1	1,253
Regulatory adjustments to net assets	(425)	0	(14)	(1)	(1)	0	(441)
Net assets after regulatory adjustments	459	13	302	19	18	1	812
Capital Base	459	13	302	19	18	1	812

Notes to table:

- *The entire capital base is Common Equity Tier 1 Capital.*
- *All regulatory adjustments to OPL's net assets are applied to the calculation of Common Equity Tier 1 Capital.*
- *No Additional Tier 1 Capital or Tier 2 Capital is held by OPL, the statutory funds, or the shareholder fund SHF. No regulatory adjustments are applied to the calculation of Additional Tier 1 Capital or Tier 2 Capital.*

(\$m)	SF1	SF2	SF3	SF4	SF5	SHF	OnePath Life Limited
Capital Base	459	13	302	19	18	1	812
<u>Prescribed Capital Amount</u>							
Insurance risk capital charge	145	0	104	0	0	0	249
Asset risk charge	83	1	98	1	0	0	183
Asset concentration risk charge							
Operational risk charge	34	1	22	1	0	0	58
Aggregate risk charge for variable annuities	0	0	0	0	9	0	9
Less aggregation benefit	(47)	0	(46)	0	0	0	(93)
Combined stress scenario adjustment	57	1	34	0	0	0	92
Total Prescribed Capital Amount	272	3	212	2	9	0	498
Capital Adequacy Multiple	1.69	4.08	1.42	10.89	1.89	53.91	1.63

Each policy written by OnePath Life Limited is associated with and supported by the assets of one or more of these statutory funds (Statutory Fund No. 1, 3 & 5 are wholly non-investment linked, Statutory Fund No. 2 & 4 are wholly Investment linked) in addition to the Shareholder Fund (SHF). Each individual statutory fund is required to comply with the APRA requirements as is the Life Company as a whole.

Zurich Australian Insurance Limited

Capital Requirements and Capital Adequacy Multiple		(\$m)
Capital Base		572
<u>Prescribed Capital Amount</u>		
Insurance risk capital charge		186
Insurance concentration risk charge		17
Asset risk charge		216
Asset concentration risk charge		-
Operational risk charge		38
Less aggregation benefit		(94)
Total Prescribed Capital Amount		363
Capital Adequacy Multiple		1.58

Notes to table:

- The entire capital base is Common Equity Tier 1 Capital.
- The calculation of Common Equity Tier 1 Capital includes a deduction of \$17m in the form of a regulatory adjustment.
- No Additional Tier 1 Capital or Tier 2 Capital is held by ZAIL. No regulatory adjustments are applied to the calculation of Additional Tier 1 Capital or Tier 2 Capital.

OnePath General Insurance Pty Ltd

Capital Requirements and Capital Adequacy Multiple		(\$'000)
Capital Base		39,270
<u>Prescribed Capital Amount</u>		
Insurance risk capital charge		1,634
Insurance concentration risk charge		1,737
Asset risk charge		780
Asset concentration risk charge		-
Operational risk charge		282
Less aggregation benefit		(542)
Total		3,891
Minimum Prescribed Capital Amount per APRA		5,000
Capital Adequacy Multiple		7.85

Notes to table:

- The entire capital base is Common Equity Tier 1 Capital.
- No Additional Tier 1 Capital or Tier 2 Capital is held by OPGI. No regulatory adjustments are applied to the calculation of Additional Tier 1 Capital or Tier 2 Capital.

Zurich Financial Services Australia Level 2 Insurance Group

Capital Requirements and Capital Adequacy Multiple		(\$m)
Capital Base		693
<u>Prescribed Capital Amount</u>		
Insurance risk capital charge		187
Insurance concentration risk charge		17
Asset risk charge		222
Asset concentration risk charge		0
Operational risk charge		38
Less aggregation benefit		(96)
Total Prescribed Capital Amount		368
Capital Adequacy Multiple		1.88

Notes to table:

- *The entire capital base is Common Equity Tier 1 Capital.*
- *The calculation of Common Equity Tier 1 Capital includes a deduction of \$3,593m in the form of a regulatory adjustment.*
- *No Additional Tier 1 Capital or Tier 2 Capital is held by ZFSA. No regulatory adjustments are applied to the calculation of Additional Tier 1 Capital or Tier 2 Capital.*

Glossary

Common Equity Tier 1 Capital (CET1) – comprises the highest quality components of capital that:

- provide a permanent and unrestricted commitment of funds;
- are freely available to absorb losses;
- do not impose any unavoidable servicing charge against earnings; and
- rank behind the claims of policy owners and other creditors in event of winding-up.

Additional Tier 1 Capital (AT1) – comprises high quality components of capital that meet certain characteristics but do not meet the definition of CET1.

Tier 2 Capital – includes other components of capital that fall short of the quality of Tier 1 capital but nonetheless contribute to the overall strength of a company and its capacity to absorb losses.

Capital Base – the net assets of the company after all deductions and regulatory adjustments, that are able to meet the capital requirements as prescribed by APRA. It is equal to the sum of all the components of Capital (CET1, AT1 and Tier 2).

Prescribed Capital Amount (PCA) – the APRA required level of capital which is intended to take account of the full range of risks to which a regulated institution is exposed. The Capital Base must be greater than the PCA.

Capital Adequacy Multiple – the ratio of Capital Base divided by Prescribed Capital Amount.